
LYRIC OPERA OF KANSAS CITY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021



Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statements Of Activities	4 - 5
Statements Of Functional Expenses.....	6 - 7
Statement Of Cash Flows.....	8
Notes To Financial Statements.....	9 - 31
 Supplementary Information	
Independent Auditors' Report On Supplementary Information.....	32
Statements Of Financial Position By Organization.....	33 - 34
Statements Of Activities By Organization	35 - 36

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of Lyric Opera of Kansas City, Inc., which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lyric Opera of Kansas City, Inc. as of June 30, 2021 and 2020, 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, the Lyric Opera of Kansas City, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

RubinBrown LLP

November 22, 2021

LYRIC OPERA OF KANSAS CITY, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Earned Revenue			
Ticket sales	\$ 25,920	\$ —	\$ 25,920
Rental income	2,823	—	2,823
Education	100	—	100
Auxiliaries	21,438	—	21,438
Miscellaneous	32,519	—	32,519
Resident artist program	44	—	44
Total Earned Revenue	82,844	—	82,844
Contributed Revenue And Change In Value Of Funds Held In Trust By Others			
Individual, corporate and foundation	739,197	3,295,242	4,034,439
Ticket sales converted to donations	187,331	—	187,331
COVID-19 federal stimulus funding	779,716	—	779,716
Federal, state and local	21,912	58,802	80,714
Change in value of funds held in trust by others	—	325,248	325,248
In-kind contributions	69,811	—	69,811
Lyric Opera Ball	204,800	7,650	212,450
Net assets released from restrictions	2,200,439	(2,200,439)	—
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	4,203,206	1,486,503	5,689,709
Total Revenue	4,286,050	1,486,503	5,772,553
Expenses			
Program services			
Productions	1,223,688	—	1,223,688
Education and outreach (including auxiliaries)	42,233	—	42,233
Total program services	1,265,921	—	1,265,921
Supporting activities			
Management and general	1,170,317	—	1,170,317
Fundraising (including ball)	425,138	—	425,138
Total supporting activities	1,595,455	—	1,595,455
Total Expenses	2,861,376	—	2,861,376
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	1,424,674	1,486,503	2,911,177
Change In Net Assets Of Lyric Foundation	—	2,078,928	2,078,928
Change In Net Assets	1,424,674	3,565,431	4,990,105
Net Assets - Beginning Of Year	6,798,809	15,299,179	22,097,988
Net Assets - End Of Year	\$ 8,223,483	\$ 18,864,610	\$ 27,088,093

LYRIC OPERA OF KANSAS CITY, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Earned Revenue			
Ticket sales	\$ 813,370	\$ —	\$ 813,370
Rental income	64,518	—	64,518
Education	9,512	—	9,512
Auxiliaries	93,328	—	93,328
Miscellaneous	39,966	—	39,966
Resident artist program	8,027	—	8,027
Total Earned Revenue	1,028,721	—	1,028,721
Contributed Revenue And Change In Value Of Funds Held In Trust By Others			
Individual, corporate and foundation	1,020,170	1,175,340	2,195,510
Ticket sales converted to donations	182,523	—	182,523
COVID-19 federal stimulus funding	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	4,352,803	(836,830)	3,515,973
Total Revenue	5,381,524	(836,830)	4,544,694
Expenses			
Program services			
Productions	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.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2021

	Productions	Education And Outreach	Total Program Expenses	Management And General	Fundraising	Total Supporting Activities	Total
Salaries and wages	\$ 366,404	\$ —	\$ 366,404	\$ 532,622	\$ 222,300	\$ 754,922	\$ 1,121,326
Payroll taxes and employee benefits	89,521	—	89,521	89,069	48,643	137,712	227,233
Professional services	71,885	11,051	82,936	215,061	51,153	266,214	349,150
Supplies and equipment	95	—	95	—	—	—	95
Utilities and insurance	68,819	4,923	73,742	48,185	4,724	52,909	126,651
Depreciation and amortization	191,547	11,239	202,786	46,255	10,538	56,793	259,579
Travel, hospitality and events	260	9,934	10,194	375	35,241	35,616	45,810
Donor expenses	—	—	—	—	37,109	37,109	37,109
Interest expense	—	—	—	46,664	—	46,664	46,664
Advertising and marketing	13,875	1,337	15,212	115,964	4,109	120,073	135,285
Rent and occupancy	13,843	924	14,767	1,199	869	2,068	16,835
Dues, memberships and subscriptions	980	28	1,008	5,760	675	6,435	7,443
Supplies and office expenses	14,319	2,797	17,116	69,163	9,777	78,940	96,056
Productions	392,140	—	392,140	—	—	—	392,140
	\$ 1,223,688	\$ 42,233	\$ 1,265,921	\$ 1,170,317	\$ 425,138	\$ 1,595,455	\$ 2,861,376

LYRIC OPERA OF KANSAS CITY, INC.

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

	Productions	Education And Outreach	Total Program Expenses	Management And General	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
Productions	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.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 4,990,105	\$ (398,829)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	259,579	230,257
Change in value of interest in net assets of Lyric Foundation	(2,078,928)	(46,013)
Change in value of funds held in trust by others	(325,248)	(207,745)
Contributions restricted for endowment	(1,690,000)	(53,139)
Changes in assets and liabilities:		
Accounts receivable	16,479	15,201
Employee retention credit receivable	(302,148)	—
Promises to give	365,963	967,008
Prepaid production and other prepaid expenses	22,284	(30,889)
Accounts payable	(168)	(106,623)
Accrued payroll and taxes	(4,861)	5,241
Deferred income	(207,524)	(65,700)
Paycheck Protection Program refundable advance	6,994	141,551
Net Cash Provided By Operating Activities	1,052,527	450,320
Cash Flows From Investing Activities		
Purchases of property and equipment	(78,821)	(106,468)
Purchases of investments	(1,689,922)	(195,454)
Net Cash Used In Investing Activities	(1,768,743)	(301,922)
Cash Flows From Financing Activities		
Payments on capital lease obligations	(29,922)	(12,848)
Proceeds from capital campaign for restricted endowment	1,690,000	53,139
Payments on line of credit	—	(1,000,000)
Proceeds from line of credit	—	367,788
Proceeds from long-term debt	—	1,315,000
Net Cash Provided By Financing Activities	1,660,078	723,079
Increase In Cash And Cash Equivalents	943,862	871,477
Cash And Cash Equivalents - Beginning Of Year	1,209,825	338,348
Cash And Cash Equivalents - End Of Year	\$ 2,153,687	\$ 1,209,825
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 46,664	\$ 41,309
Supplemental Disclosure Of Noncash Information		
Acquisition of property through a capital lease	59,083	6,665

LYRIC OPERA OF KANSAS CITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 And 2020

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 following is a description of the Lyric's programs:

Productions

Located in the heart of Kansas City's Crossroads community, Lyric Opera creates transformational opera experiences through its live and digital performances. Productions consist of live opera concerts on the mainstage at the Kauffman Center for the Performing Arts, its own Michael and Ginger Frost Production Arts Center and at various other locations in the metropolitan Kansas City area.

Education And Outreach

Lyric Opera connects with the community through a variety of education and engagement initiatives aimed at youth and adults. These programs are designed to connect audiences to the artform, repertoire, and musical storytelling.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

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

LYRIC OPERA OF KANSAS CITY, INC.

Notes To 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 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 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, 2021 and 2020, 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, 2021 or 2020.

Employee Retention Credit Receivable

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the employee retention credit through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter.

The Lyric recognizes the employee retention credit when the conditions for earning it are substantially met.

The Lyric qualified for the credit beginning on March 16, 2020 and received additional credits for qualified wages through June 30, 2021. During the year ended June 30, 2021, \$302,148 was recognized as revenue related to the employee retention credit and is included in COVID-19 federal stimulus funding in the statement of activities.

Promises To Give

Unconditional promises to give are recognized as support in the period the promises are received. An allowance for uncollectible promises to give is provided based upon the Lyric's estimate of amounts which will ultimately not be collected. The estimate is based on historical collection experience and a review of the current status of existing promises to give. 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 promises to give. 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 promises to give. At June 30, 2021 and 2020, management has determined that no allowance is deemed necessary.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements *(Continued)*

From time to time, the Lyric may receive promises to give that are to be collected over multiple years which are recorded at their net realizable value less a discount allowance to reflect the present value of future cash flows. At June 30, 2021 and 2020, management has determined that no present value discount allowance is deemed necessary.

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.

Prepaid Production Costs

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.

Investments

Investments in equity securities having a readily determinable fair value are carried at fair value. Investment return includes dividends, interest and other investment income, and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the statement of activities as without donor restrictions unless the use is restricted by explicit donor stipulations or by law.

The Lyric maintains pooled investments for a portion of its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

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 statement of activities. 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

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements *(Continued)*

The Lyric evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 or 2020.

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.

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, 2021 and 2020, assets held under a capital lease totaled to \$131,834 and \$271,979, respectively, and accumulated amortization totaled to \$43,818 and \$213,123, respectively. Future minimum payments under the lease terms will be \$33,600 in fiscal years ending June 30, 2022 and 2023, \$17,673 in the fiscal year ending June 30, 2024, and \$3,143 in fiscal year ending June 30, 2025.

Contributed 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 statement of activities as net assets released from restrictions.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

New Accounting Pronouncement - Revenue Recognition

During 2021, the Lyric adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue and develops a common revenue standard. ASU 2014-09 requires new disclosures about contracts with customers, significant judgements in determining the satisfaction of performance obligations in contracts, and assets recognized from costs to obtain or fulfill contracts. The implementation did not have a material impact on the Lyric's financial statements.

Revenue for single ticket sales are recognized at the point of time when the related performance occurs. Generally, cash is collected in advance of the event as tickets are sold by the box office or online. Cash collected in advance is recorded as deferred income until the performance is held, at which point revenue is recognized.

Revenue for season ticket sales are recognized over time as the related performances occur. The primary performance obligation is to provide access to each of the applicable opera performances. Season tickets are considered to be a series of distinct performance obligations and the Lyric therefore recognizes a proportionate amount of revenue as each production occurs.

Ticket sales are comprised of the following for year ended June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>
Single ticket sales	\$ 25,920	\$	327,780
Season ticket sales	—		485,590
	<u>\$ 25,920</u>	<u>\$</u>	<u>813,370</u>

The opening and closing balances of deferred ticket sales for the year ended June 30, 2021 were \$613,230 and \$406,606, respectively. The opening and closing balances of deferred ticket sales for the year ended June 30, 2020 were \$658,930 and \$613,230, respectively.

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 recognized at a point in time when the events occur.

Rental Income

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

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense for 2021 and 2020 was \$135,285 and \$281,231, respectively.

Functional Expense

The 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. The Lyric's tax returns for tax years 2017 and later remain subject to examination by taxing authorities.

Reclassifications

Certain reclassifications have been made to the 2020 financial statement to conform to the 2021 financial statement presentation.

Subsequent Events

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

3. Promises To Give

Promises to give consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 393,717	\$ 518,508
Due in one to five years	318,000	559,172
	<u>\$ 711,717</u>	<u>\$ 1,077,680</u>

Included in promises to give due in less than one year at June 30, 2021 and 2020 is \$178,124 and \$116,149, respectively, which is restricted for the capital campaign. As a result, this amount has been classified as a long-term asset on the accompanying statement of financial position.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

4. Investments

Investment securities and unrealized appreciation are as follows at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<u>Pooled investments</u>	\$ 1,883,740	\$ 1,885,376	\$ 1,636

Investment securities and unrealized appreciation are as follows at June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<u>Pooled investments</u>	\$ 193,740	\$ 195,454	\$ 1,714

Pooled investments primarily consist of marketable equity and debt securities, and are managed by the Greater Kansas City Community Foundation within its investment portfolio. Investment return was a loss of \$78 and a gain of \$1,714 for the years ended June 30, 2021 and 2020, respectively, and is included in miscellaneous income in the statement of activities.

5. Endowment

The Lyric's endowment consists of several donor-restricted funds established for a variety of purposes. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Lyric has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Lyric classifies as perpetual in nature net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (*Continued*)

In accordance with UPMIFA, the Lyric considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Lyric and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Lyric; and
- (7) The investment policies of the Lyric.

Return Objectives And Risk Parameters

The Lyric has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce maximum long-term returns consistent with the account's allowed risk level. The Lyric expects its endowment funds, over time, to provide an average rate of return to exceed the sum of the endowment's spending rate, anticipated inflation, investment management consulting fees, and administrative costs. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income and are diversified among several asset classes. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Lyric targets a diversified asset allocation of both equities and fixed income securities.

Equities are to represent from 35% to 75% of the market value of total fund assets, with a targeted average of approximately 60% of the market value of total fund assets. The term "equities" includes common stock, convertible bonds and convertible stock.

Fixed income obligations are to represent from 25% to 65% of the market value of total fund assets, with a targeted average of approximately 40% of the market value of total fund assets. The term "fixed income" indicates contractual payments that have a specific maturity date greater than one year.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

Spending Policy

The Lyric employs a spending policy intended to balance the trade-off between preserving the purchasing power of assets and providing a stable flow of resources to support programming. The spending rule adopted by the Board uses a long-term spending rate of up to 5% annually provided donor restrictions in force at the time of withdrawal are not violated. Only funds in excess of the endowment corpus (value over original gifts) are available for withdrawal. The distribution will be based on the greater of the prior year's distribution or 5% of the trailing 12-quarter average fund balance as determined on December 31st of each year. Notwithstanding the foregoing, in no event shall a mandatory distribution result in an invasion of the corpus of the endowment fund.

In addition, provided there are funds in excess of the corpus, the Board may consider periodic, but not annual, additional funding requests for special projects. These requests will be made in writing to and reviewed by the Finance Committee and presented to the Board for review and approval at a regularly scheduled meeting. These requests shall not bring the total annual distribution to more than 7% of the trailing 12-quarter average fund balance as determined on December 31st of each year.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Lyric to retain as a fund of perpetual duration. As of June 30, 2021 and 2020, the endowment had no underwater funds.

As of June 30, 2021, the endowment composition by net asset category consisted of the following:

	Endowment Earnings Available For Distribution	Perpetual In Nature	Total
Endowment funds	\$ 1,636	\$ 1,883,740	\$ 1,885,376

As of June 30, 2020, the endowment composition by net asset category consisted of the following:

	Endowment Earnings Available For Distribution	Perpetual In Nature	Total
Endowment funds	\$ 1,714	\$ 193,740	\$ 195,454

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

The following is a reconciliation of the beginning and ending balances of the Lyric's endowment investments for the year ended June 30, 2021:

	Endowment Earnings Available For Distribution	Perpetual In Nature	Total
Balance - July 1, 2020	\$ 1,714	\$ 193,740	\$ 195,454
Investment return			
Investment income	116	—	116
Net appreciation	—	—	—
Investment fees	(194)	—	(194)
Total Investment Return (Loss)	(78)	—	(78)
Contributions	—	1,690,000	1,690,000
Distribution of endowment assets for expenditure	—	—	—
Balance - June 30, 2021	\$ 1,636	\$ 1,883,740	\$ 1,885,376

The following is a reconciliation of the beginning and ending balances of the Lyric's endowment investments for the year ended June 30, 2020:

	Endowment Earnings Available For Distribution	Perpetual In Nature	Total
Balance - July 1, 2019	\$ —	\$ —	\$ —
Investment return			
Investment income	1,714	—	1,714
Net appreciation	—	—	—
Investment fees	—	—	—
Total Investment Return	1,714	—	1,714
Contributions	—	193,740	193,740
Distribution of endowment assets for expenditure	—	—	—
Balance - June 30, 2020	\$ 1,714	\$ 193,740	\$ 195,454

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

6. Property And Equipment

Property and equipment consist of:

	<u>2021</u>	<u>2020</u>
Land	\$ 470,000	\$ 470,000
Michael & Ginger Frost Production Arts Building	4,367,091	4,350,271
Beth Ingram Administration Building	4,495,887	4,473,577
Furniture and equipment	779,319	739,627
Equipment under capital lease	131,834	271,979
	<u>10,244,131</u>	<u>10,305,454</u>
Less: Accumulated depreciation and amortization	2,172,917	2,112,565
	<u>\$ 8,071,214</u>	<u>\$ 8,192,889</u>

Depreciation and amortization expense was \$259,579 and \$230,257 for 2021 and 2020, respectively.

7. 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 statement of activities. At June 30, 2021 and 2020, the carrying value of the trust was \$2,224,954 and \$1,899,706, respectively. For the years ended June 30, 2021 and 2020, the increase in value of the beneficial interest of a charitable remainder unitrust was \$325,248 and \$207,745, respectively.

8. 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.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (*Continued*)

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.

The Lyric follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these rules are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lyric has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements *(Continued)*

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Pooled Investments

Valued at the net asset value (NAV), as a practical expedient, of shares held by the Lyric at year end. The unit value or NAV is determined based on the total fair value of the pooled investments divided by the number of units held by the Lyric at year end. The investments are redeemable at NAV under agreements with the Greater Kansas City Community Foundation.

Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Pooled Investments At Net Asset Value

The fair values of pooled investments have been estimated using the net asset value per share as a practical expedient for the pooled investments. These investments may be redeemed with 90 day notice. Pooled investments consisted of the following at June 30, 2021 and 2020:

- Money market pool - This category includes high-quality short-term money market instruments that present minimal credit risk. The investment objective is current income while preserving assets and maintaining liquidity and investment quality.
- Fixed income pool - This category is managed on a total return basis with capital preservation and current income to help meet spending requirements as a primary objective. A secondary objective is to provide a source of diversification for donor portfolios, thus seeking to mitigate portfolio volatility. The overall performance of this category is to meet or exceed the performance of the Barclays Capital Aggregate Bond Index over a three- to five-year time period.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements *(Continued)*

- Equity pool - This category's long-term investment objective is to seek competitive market returns so as to preserve the purchasing power of the funds to meet charitable needs now and those in the future, and to outperform an appropriate blended market benchmark, net of all fees, over a three- to five-year time period. The investment program of this category is designed to fully participate in strong equity markets, but more importantly, to provide protection in down and sideways equity markets.

Funds Held In Trust By Others

At June 30, 2021 and 2020, 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, 2021, 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 1.2% to determine the net present value of the funds ultimately to be received by the Lyric. 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.

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, 2021 and 2020:

Balance - July 1, 2019	\$ 1,691,961
Change in value of funds held in trust by others	<u>207,745</u>
Balance - June 30, 2020	1,899,706
Change in value of funds held in trust by others	<u>325,248</u>
Balance - June 30, 2021	<u><u>\$ 2,224,954</u></u>

Changes in fair value are presented on the Lyric's statement of activities for the years ended June 30, 2021 and 2020.

9. 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.

In March 2021, the Lyric received a second loan of \$467,959 under the PPP provided by a lender. The loan bears interest at 1.0%, with principal and interest payments deferred for a variable amount of time depending on the Lyric's delivery to the Lender of an application for potential loan forgiveness, the length of time required to process such application, and the date on which any permitted loan forgiveness amounts are remitted to the Lender. After that, the loan and interest would be paid back over a period through March 2026, if the loan is not forgiven under the terms of the PPP.

When the Lyric applied for the loans, management believed it would qualify to have the loans forgiven under the terms of the PPP, and therefore considered the loans to be substantively a conditional contribution by the SBA. 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.

On March 19, 2021, the Lyric received full forgiveness for the first PPP loan which had proceeds of \$465,100 and is included in COVID-19 federal stimulus funding in the statement of activities.

The Lyric has performed initial calculations for the second PPP loan forgiveness, and expects that the PPP loans will be forgiven in full because (1) the Lyric has utilized all of the proceeds for payroll and other allowable expenses and (2) the Lyric believes it will continue to comply with other terms and conditions necessary for forgiveness. The Lyric plans to submit the PPP loan forgiveness application for the second loan 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 Financial Statements (Continued)

Of the total PPP proceeds, \$460,964 and \$323,549 were utilized for payroll expenses and other allowable expenses through June 30, 2021 and 2020, respectively, which is included in COVID-19 federal stimulus funding in the statement of activities. As of June 30, 2021, the PPP refundable advance as shown in the statement of financial position, represents proceeds of the PPP loan that will be utilized towards payroll expenses during the next year.

10. Long-Term Debt

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, 2021 and 2020, the interest rate was 3.50%, with interest payments beginning March 4, 2020 and principal payments beginning March 4, 2022.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 26,885
2023	82,561
2024	85,498
2025	88,538
2026	91,687
Thereafter	939,831
	<u>\$ 1,315,000</u>

The Lyric is subject to certain financial covenants related to the promissory note. As of June 30, 2021, the Lyric is in compliance with all required financial covenants.

Interest expense during the years ended June 30, 2021 and 2020 totaled \$46,664 and \$41,309, respectively.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

11. Line Of Credit

The Lyric has a line of credit agreement with a maximum borrowing capacity of \$1,000,000 which matured on July 21, 2020. The agreement was amended during 2020 to extend the maturity date to January 20, 2022. 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, 2021, the interest rate was 5%. The agreement is secured by substantially all assets of the Lyric. There was no outstanding balance at June 30, 2021 and there were no draws or repayments on the line during the year.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to the following donor-imposed restrictions:

	<u>2021</u>	<u>2020</u>
Net assets restricted due to time or purpose:		
Endowment earnings available for distribution	\$ 1,636	\$ 1,714
Promises to give	521,218	818,181
Funds held in trust by others	2,224,954	1,899,706
Interest in Lyric Opera Foundation Programming	4,114,305	2,035,377
	<u>330,149</u>	<u>492,853</u>
	<u>7,192,262</u>	<u>5,247,831</u>
Net assets restricted in perpetuity:		
Endowment	1,883,740	193,740
Promises to give - our next act capital campaign	190,499	259,499
Interest in Lyric Opera Foundation - endowment	9,598,109	9,598,109
	<u>11,672,348</u>	<u>10,051,348</u>
Total net assets with donor restrictions	<u>\$ 18,864,610</u>	<u>\$ 15,299,179</u>

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>2021</u>	<u>2020</u>
Future activities	\$ 1,311,247	\$ 1,476,422
Time restriction	889,192	879,590
	<u>\$ 2,200,439</u>	<u>\$ 2,356,012</u>

13. 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, 2021 or 2020.

During the years ended June 30, 2021 and 2020, the Lyric Foundation made grants totaling \$462,231 and \$399,182, respectively, to the Lyric.

The members of the Board of Trustees of the Lyric and their employers and foundations made contributions totaling \$237,555 and \$466,896 for the years ended June 30, 2021 and 2020, respectively.

14. 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 \$3,158,000 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 financial statements. The Lyric currently receives distributions of up to 5% from MCT matching funds. This is subject to change by MCT. Distributions amounted to \$24,783 and \$31,729 for the year ended June 30, 2021 and 2020, respectively, and are included in federal, state and local contributions in the statement of activities.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements (Continued)

15. Concentrations

Promises To Give

Promises to give from three donors at June 30, 2021 and June 30, 2020 comprised 67% and 51%, respectively, of total promises to give from private sources.

At June 30, 2021 and 2020, promises to give due from board members was \$225,500 and \$359,218 respectively.

Contributions

Contributions from three donors comprised 78% of the total contribution revenues from private sources for the year ended June 30, 2021. Contributions from one donor comprised 28% of the total contribution revenues from private sources for the year ended June 30, 2020.

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. 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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Cash in bank	\$ 1,699,815	\$ 650,311
Portion insured by the FDIC	<u>(750,000)</u>	<u>(500,000)</u>
Uninsured cash in bank	949,815	150,311
Cash in Money Market Mutual Fund	<u>500,611</u>	<u>196,052</u>
	<u>\$ 1,450,426</u>	<u>\$ 346,363</u>

16. Contributed Services

For the years ended June 30, 2021 and 2020, the Lyric received contributed services for legal and marketing services which totaled \$69,811 and \$52,625, respectively. The value of contributed services is based on quoted market prices for those services.

17. Risks And Uncertainties

The Lyric Opera and Foundation (Note 4) 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 statement of financial position.

The funds held in trust by others (Note 7) 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 statement of financial position.

The COVID-19 pandemic 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 extended through the 2020-2021 season. Shortly after the first cancelled performance, the Lyric staff began working remotely. Management anticipated returning to the Lyric offices once an effective COVID-19 vaccine was widely available, however the uncertainty of the delta variant has delayed this return. In response to the pandemic, the Lyric took 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 could be rehearsed and performed safely were rolled out in August 2020. The series, called “New Visions,” included 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 2021, a new version of *Amahl and the Night Visitors*, a family opera featuring life-size puppets and socially distanced singers and musicians, was released for digital viewing. In the spring of 2021, the Lyric produced *Baseball: A Musical Love Letter* to five-sold-out socially distanced live audiences. Throughout the pandemic, management continued to monitor the environment and made adjustments as necessary; always keeping the health and safety of the patrons, artists, staff and volunteers in the forefront.

18. 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. Due to the cancellation of all mainstage performances due to the COVID-19 pandemic, no annual license fee for the Lyric's use of the Kauffman Center was incurred for the year ended June 30, 2021. The annual license fee for the Lyric's use of the Kauffman Center for the year ended June 30, 2020 totaled \$216,030, which is included in production and exploration expense in the statement of activities for the year ended June 30, 2020. 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. The future minimum rental amount under the terms of the License Agreement is \$162,425 for the year ending June 30, 2022.

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 distributions and a line of credit. Funds can be drawn on the line of credit at the discretion of the Finance Committee and the Board Treasurer. As of June 30, 2021, there was no outstanding balance on the line of credit which as a borrowing capacity of \$1,000,000.

The Lyric Board of Trustees created a new endowment fund in November 2018. The Lyric has plans to raise \$12,000,000 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, 2021 or 2020, respectively.

LYRIC OPERA OF KANSAS CITY, INC.

Notes To Financial Statements *(Continued)*

As of June 30, 2021, the Lyric had \$215,593 of promises to give which were restricted for the 2021-2022 season. Additionally, the Lyric historically has been awarded two grants from local private foundations in June of each year. Subsequent to June 30, 2021, the Lyric was awarded two routine operating grants from two private foundations totaling \$1,150,000. Additionally, the Lyric was awarded a Shuttered Venues Operator federal grant in the amount of \$478,111 subsequent to year end.

As of June 30, 2021, 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:

Cash and cash equivalents	\$ 1,823,538
Accounts receivable	1,438
Contributions for general expenditures due in one year or less	215,593
Employee retention credit receivable	302,148
Estimated distribution of Lyric Opera endowment for use over next 12 months	62,000
Estimated distribution of Lyric Opera Foundation endowment for use over next 12 months	300,000
	<hr/>
	\$ 2,704,717
	<hr/> <hr/>

Independent Auditors' Report On Supplementary Information

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

We have audited the financial statements of Lyric Opera of Kansas City, Inc. as of and for the years ended June 30, 2021 and 2020, and our report thereon dated November 22, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of financial position by organization as of June 30, 2021 and 2020, and the statement of activities by organization for the years ended June 30, 2021 and 2020, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

November 22, 2021

LYRIC OPERA OF KANSAS CITY, INC.

STATEMENT OF FINANCIAL POSITION BY ORGANIZATION

June 30, 2021

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination Entries	The Lyric Opera Of Kansas City, Inc.
Current Assets				
Cash and cash equivalents	\$ 2,153,687	\$ —	\$ —	\$ 2,153,687
Accounts receivable	1,438	—	—	1,438
Employee retention credit receivable	302,148	—	—	302,148
Promises to give	215,593	500,000	(500,000)	215,593
Prepaid production costs	61,561	—	—	61,561
Other prepaid expenses	64,196	—	—	64,196
Total Current Assets	2,798,623	500,000	(500,000)	2,798,623
Long-Term Assets				
Investments	1,885,376	13,212,414	(13,212,414)	1,885,376
Property and equipment, net	8,071,214	—	—	8,071,214
Funds held in trust by others	2,224,954	—	—	2,224,954
Promises to give	496,124	—	—	496,124
Interest in net assets of Lyric Foundation	—	—	13,712,414	13,712,414
Total Long-Term Assets	12,677,668	13,212,414	500,000	26,390,082
Total Assets	\$ 15,476,291	\$ 13,712,414	\$ —	\$ 29,188,705
Current Liabilities				
Accounts payable	\$ 38,160	\$ —	\$ —	\$ 38,160
Accrued payroll and taxes	105,185	—	—	105,185
Current portion of capital lease payable	33,600	—	—	33,600
Current portion of long-term debt	26,885	—	—	26,885
Deferred income:				
Ticket sales	382,572	—	—	382,572
Other	23,134	—	—	23,134
Paycheck Protection Program refundable advance	148,545	—	—	148,545
Total Current Liabilities	758,081	—	—	758,081
Long - Term Liabilities				
Capital lease payable	54,416	—	—	54,416
Long-term debt	1,288,115	—	—	1,288,115
Total Long - Term Liabilities	1,342,531	—	—	1,342,531
Total Liabilities	2,100,612	—	—	2,100,612
Net Assets				
Without donor restrictions	4,447,647	3,775,836	—	8,223,483
With donor restrictions	8,928,032	9,936,578	—	18,864,610
Total Net Assets	13,375,679	13,712,414	—	27,088,093
Total Liabilities And Net Assets	\$ 15,476,291	\$ 13,712,414	\$ —	\$ 29,188,705

LYRIC OPERA OF KANSAS CITY, INC.

STATEMENT OF FINANCIAL POSITION BY ORGANIZATION

June 30, 2020

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination Entries	The Lyric Opera Of Kansas City, Inc.
Current Assets				
Cash and cash equivalents	\$ 1,209,825	\$ —	\$ —	\$ 1,209,825
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	99,544	—	—	99,544
Total Current Assets	1,778,142	1,000,000	(1,000,000)	1,778,142
Long-Term Assets				
Investments	195,454	10,633,486	(10,633,486)	195,454
Property and equipment, net	8,192,889	—	—	8,192,889
Funds held in trust by others	1,899,706	—	—	1,899,706
Promises to give	675,321	—	—	675,321
Interest in net assets of Lyric Foundation	—	—	11,633,486	11,633,486
Total Long-Term Assets	10,963,370	10,633,486	1,000,000	22,596,856
Total Assets	\$ 12,741,512	\$ 11,633,486	\$ —	\$ 24,374,998
Current Liabilities				
Accounts payable	\$ 38,328	\$ —	\$ —	\$ 38,328
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
Paycheck Protection Program refundable advance	141,551	—	—	141,551
Total Current Liabilities	917,106	—	—	917,106
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	2,277,010	—	—	2,277,010
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	\$ 12,741,512	\$ 11,633,486	\$ —	\$ 24,374,998

LYRIC OPERA OF KANSAS CITY, INC.
STATEMENT OF ACTIVITIES BY ORGANIZATION
For The Year Ended June 30, 2021

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	The Lyric Opera Of Kansas City, Inc.	Without Donor Restrictions	With Donor Restrictions
Earned Revenue						
Ticket sales	\$ 25,920	\$ —	\$ —	\$ 25,920	\$ 25,920	\$ —
Rental income	2,823	—	—	2,823	2,823	—
Education	100	—	—	100	100	—
Auxiliaries	21,438	—	—	21,438	21,438	—
Miscellaneous	32,519	—	—	32,519	32,519	—
Resident artist program	44	—	—	44	44	—
Realized gains	—	884,995	(884,995)	—	—	—
Unrealized gains	—	1,518,281	(1,518,281)	—	—	—
Interest and dividends	—	205,576	(205,576)	—	—	—
Interest on note receivable	—	—	—	—	—	—
Total Earned Revenue	82,844	2,608,852	(2,608,852)	82,844	82,844	—
Contributed Revenue And Change In Value Of Funds Held In Trust By Others						
Individual, corporate and foundation	4,034,439	—	—	4,034,439	739,197	3,295,242
Ticket sales converted to donations	187,331	—	—	187,331	187,331	—
COVID-19 federal stimulus funding	779,716	—	—	779,716	779,716	—
Federal, state and local	80,714	—	—	80,714	21,912	58,802
Change in value of funds held in trust by others	325,248	—	—	325,248	—	325,248
In-kind contributions	69,811	—	—	69,811	69,811	—
Lyric Opera Ball	212,450	—	—	212,450	204,800	7,650
Net assets released from restrictions	—	—	—	—	2,200,439	(2,200,439)
Total Contributed Revenue And Change In Value Of Funds Held In Trust By Others	5,689,709	—	—	5,689,709	4,203,206	1,486,503
Total Revenue	5,772,553	2,608,852	(2,608,852)	5,772,553	4,286,050	1,486,503
Expenses						
Program services:						
Productions	1,223,688	—	—	1,223,688	1,223,688	—
Education (including auxiliaries)	42,233	—	—	42,233	42,233	—
Professional services	—	32,715	(32,715)	—	—	—
Investment fees	—	34,978	(34,978)	—	—	—
Interest expense	—	—	—	—	—	—
Contribution to Lyric Opera	—	462,231	(462,231)	—	—	—
Total program services	1,265,921	529,924	(529,924)	1,265,921	1,265,921	—
Supporting activities:						
Management and general	1,170,317	—	—	1,170,317	1,170,317	—
Fundraising (including ball)	425,138	—	—	425,138	425,138	—
Total supporting activities	1,595,455	—	—	1,595,455	1,595,455	—
Total Expenses	2,861,376	529,924	(529,924)	2,861,376	2,861,376	—
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	2,911,177	2,078,928	(2,078,928)	2,911,177	1,424,674	1,486,503
Change In Net Assets Of Lyric Foundation	—	—	2,078,928	2,078,928	—	2,078,928
Change In Net Assets	2,911,177	2,078,928	—	4,990,105	1,424,674	3,565,431
Net Assets - Beginning Of Year	10,464,502	11,633,486	—	22,097,988	6,798,809	15,299,179
Net Assets - End Of Year	\$ 13,375,679	\$ 13,712,414	\$ —	\$ 27,088,093	\$ 8,223,483	\$ 18,864,610

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

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	The Lyric Opera Of Kansas City, Inc.	Without Donor Restrictions	With Donor Restrictions
Earned Revenue						
Ticket sales	\$ 813,370	\$ —	\$ —	\$ 813,370	\$ 813,370	\$ —
Rental income	64,518	—	—	64,518	64,518	—
Education	9,512	—	—	9,512	9,512	—
Auxiliaries	93,328	—	—	93,328	93,328	—
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	1,028,721	508,957	(508,957)	1,028,721	1,028,721	—
Contributed Revenue And Change In Value Of Funds Held In Trust By Others						
Individual, corporate and foundation	2,195,510	—	—	2,195,510	1,020,170	1,175,340
Ticket sales converted to donations	182,523	—	—	182,523	182,523	—
COVID-19 federal stimulus funding	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	3,515,973	—	—	3,515,973	4,352,803	(836,830)
Total Revenue	4,544,694	508,957	(508,957)	4,544,694	5,381,524	(836,830)
Expenses						
Program services:						
Productions	2,995,029	—	—	2,995,029	2,995,029	—
Education	153,793	—	—	153,793	153,793	—
Professional services	—	32,345	(32,345)	—	—	—
Investment fees	—	31,417	(31,417)	—	—	—
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