

**NASHVILLE OPERA ASSOCIATION**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

**July 31, 2006 and 2005**

**NASHVILLE OPERA ASSOCIATION  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nashville Opera Association  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Opera Association (a nonprofit organization) as of July 31, 2006 and 2005, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Opera Association as of July 31, 2006 and 2005, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Frasier, Dean & Howard, PLLC*

November 7, 2006

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**July 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 41,086	\$ 107,721
Contributions receivable	665,610	96,060
Prepaid expenses and other	<u>51,009</u>	<u>75,530</u>
Total current assets	757,705	279,311
Investments	357,087	318,474
Noncurrent contributions receivable, net of discount	956,285	241,217
Deposits	7,010	7,010
Building, equipment and leasehold improvements, net	662,490	105,577
Deferred loan cost, net	<u>4,132</u>	<u>-</u>
Total assets	<u><u>\$ 2,744,709</u></u>	<u><u>\$ 951,589</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,673	\$ 8,057
Unearned revenue	278,844	194,470
Lines of credit	90,000	-
Note payable-building lines of credit, current	<u>300,000</u>	<u>-</u>
Total current liabilities	<u>679,517</u>	<u>202,527</u>
Note payable-building lines of credit, noncurrent	<u>300,000</u>	<u>-</u>
Total liabilities	<u>979,517</u>	<u>202,527</u>
Net assets:		
Unrestricted	(138,577)	65,629
Temporarily restricted	1,553,534	358,291
Permanently restricted	<u>350,235</u>	<u>325,142</u>
Total net assets	<u>1,765,192</u>	<u>749,062</u>
Total liabilities and net assets	<u><u>\$ 2,744,709</u></u>	<u><u>\$ 951,589</u></u>

See notes to financial statements.

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
Year ended July 31, 2006

	Unrestricted	Temporarily Restricted Operating	Temporarily Restricted Building	Total Temporarily Restricted	Permanently Restricted	Total
Support and revenue:						
Contributions	\$ 954,335	\$ 371,200	\$ 948,526	\$ 1,319,726	\$ 25,093	\$ 2,299,154
Ticket sales	517,079	-	-	-	-	517,079
Grants from governmental agencies	227,968	-	-	-	-	227,968
Association fundraiser	17,310	-	-	-	-	17,310
Special events	184,912	-	-	-	-	184,912
Investment income - net	17,457	-	-	-	-	17,457
Other income	27,363	-	-	-	-	27,363
Rental income	35,955	-	-	-	-	35,955
Membership dues	8,145	-	-	-	-	8,145
Net assets released from restrictions	124,483	(124,483)	-	(124,483)	-	-
Total support and revenue	2,115,007	246,717	948,526	1,195,243	25,093	3,335,343
Expenses:						
Production	616,229	-	-	-	-	616,229
Administrative	590,836	-	-	-	-	590,836
Subcontract labor	392,344	-	-	-	-	392,344
Marketing	290,557	-	-	-	-	290,557
Development and fundraising	209,827	-	-	-	-	209,827
Public relations	85,319	-	-	-	-	85,319
Special events	90,325	-	-	-	-	90,325
Building expenses	41,526	-	-	-	-	41,526
Other	2,250	-	-	-	-	2,250
Total expenses	2,319,213	-	-	-	-	2,319,213
Change in net assets	\$ (204,206)	\$ 246,717	\$ 948,526	\$ 1,195,243	\$ 25,093	\$ 1,016,130

See notes to financial statements.

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**Year ended July 31, 2005**

	Unrestricted	Temporarily Restricted Operating	Temporarily Restricted Building	Total Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>						
Contributions	\$ 1,041,827	\$ 45,000	\$ -	\$ 45,000	\$ 48,777	\$ 1,135,604
Ticket sales	492,282	-	-	-	-	492,282
Grants from governmental agencies	181,649	-	-	-	-	181,649
Special events	172,248	-	-	-	-	172,248
Association fundraiser	80,920	-	-	-	-	80,920
Other income	20,179	-	-	-	-	20,179
Membership dues	6,915	-	-	-	-	6,915
Investment income	32,383	-	-	-	-	32,383
Net assets released from restrictions	201,648	(201,648)	-	(201,648)	-	-
<b>Total support and revenue</b>	<b>2,230,051</b>	<b>(156,648)</b>	<b>-</b>	<b>(156,648)</b>	<b>48,777</b>	<b>2,122,180</b>
<b>Expenses:</b>						
Production	692,538	-	-	-	-	692,538
Administrative	530,257	-	-	-	-	530,257
Subcontract labor	370,676	-	-	-	-	370,676
Marketing	242,614	-	-	-	-	242,614
Development and fundraising	194,920	-	-	-	-	194,920
Public relations	78,377	-	-	-	-	78,377
Special events	74,936	-	-	-	-	74,936
Other	10,150	-	-	-	-	10,150
<b>Total expenses</b>	<b>2,194,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,194,468</b>
<b>Change in net assets</b>	<b>\$ 35,583</b>	<b>\$ (156,648)</b>	<b>\$ -</b>	<b>\$ (156,648)</b>	<b>\$ 48,777</b>	<b>\$ (72,288)</b>

See notes to financial statements.

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**Years ended July 31, 2006 and 2005**

	<b>Unrestricted</b>	<b>Temporarily Restricted Operating</b>	<b>Temporarily Restricted Building</b>	<b>Total Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Net assets at July 31, 2004	\$ 30,046	\$ 514,939	\$ -	\$ 514,939	\$ 276,365	\$ 821,350
Change in net assets	<u>35,583</u>	<u>(156,648)</u>	<u>-</u>	<u>(156,648)</u>	<u>48,777</u>	<u>(72,288)</u>
Net assets at July 31, 2005	65,629	358,291	-	358,291	325,142	749,062
Change in net assets	<u>(204,206)</u>	<u>246,717</u>	<u>948,526</u>	<u>1,195,243</u>	<u>25,093</u>	<u>1,016,130</u>
Net assets at July 31, 2006	<u>\$ (138,577)</u>	<u>\$ 605,008</u>	<u>\$ 948,526</u>	<u>\$ 1,553,534</u>	<u>\$ 350,235</u>	<u>\$ 1,765,192</u>

See accompanying notes.

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**Years ended July 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,016,130	\$ (72,288)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	45,358	25,373
Discount on contributions receivable	47,409	(14,730)
Unrealized gains on investments	(2,108)	(25,175)
Contributions restricted for financing activities	(25,093)	(48,777)
Changes in operating assets and liabilities:		
Decrease in receivables	-	806
Decrease in prepaid expenses and other	24,521	6,663
(Increase) decrease in contributions receivable	(1,332,027)	244,788
Increase (decrease) in accounts payable and accrued expenses	2,616	(3,848)
Increase (decrease) in unearned revenue	84,374	(51,627)
Net cash (used) provided by operating activities	<u>(138,820)</u>	<u>61,185</u>
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	(893)	(7,171)
Payment of loan costs	(5,510)	-
Purchases of investments - net	(67,921)	(12,547)
Proceeds from sales of investments - net	31,416	16,702
Net cash used by investing activities	<u>(42,908)</u>	<u>(3,016)</u>
Cash flows from financing activities:		
Borrowings on lines of credit	240,000	160,000
Payments on lines of credit	(150,000)	(215,000)
Contributions to permanently restricted endowment	25,093	48,777
Net cash provided (used) by financing activities	<u>115,093</u>	<u>(6,223)</u>
Net (decrease) increase in cash and cash equivalents	(66,635)	51,946
Cash and cash equivalents, beginning of year	<u>107,721</u>	<u>55,775</u>
Cash and cash equivalents, end of year	<u>\$ 41,086</u>	<u>\$ 107,721</u>
Supplemental information:		
Interest paid	<u>\$ 31,526</u>	<u>\$ 5,431</u>
Property financed through issuance of note payable	<u>\$ 600,000</u>	<u>\$ -</u>

See notes to financial statements.

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nashville Opera Association (the “Organization”) was organized in 1981 to present quality operatic and musical productions featuring casts of nationally and internationally known singers to Nashville audiences. During fiscal 2002, the Nashville Opera Guild, an organization created to support the Nashville Opera Association primarily through volunteer efforts, merged with the Nashville Opera Association. The accompanying financial statements include the activities of both the Nashville Opera Association and the Nashville Opera Guild. Significant transactions between the organizations have been eliminated.

**Accounting Method**

The Organization’s accounting records are maintained in accordance with requirements as stated in Not-for-Profit Organizations as published by the American Institute of Certified Public Accountants. In that respect, the Organization reports on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the obligation is incurred.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. Net assets of the Organization are presented as follows:

**Unrestricted**

Represents unrestricted contributions that are available for the Organization’s operations.

**Temporarily Restricted**

**Operating**—Represents net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**Building**—Represents net assets subject to donor-imposed stipulations that they be used for acquisition or improvement of a long-lived asset.

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Permanently Restricted**

Represents net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, donors of these assets may permit the Organization to use all or part of the income earned for general or specific purposes.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted amounts received and expended in the same year are reflected as unrestricted contributions.

**Contributions Receivable (Promises to Give)**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management considers contributions receivable to be fully collectible as of July 31, 2006 and 2005, and accordingly, no allowance for doubtful receivables has been provided.

**Support and Revenue**

The Organization receives grants and support from the National Endowment for the Arts, Tennessee Arts Commission and Metropolitan Nashville Arts Commission. The Organization also receives foundation, individual, board and corporate contributions as well as ticket sale proceeds for its performances.

Unearned revenue represents amounts received or receivable from advance ticket sales. These advance ticket sales and related expenses are reflected in operations in the year the production is performed.

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

**Investments**

Investments are reported at quoted market values. Gains or losses on such investments are reported as a change in net assets in the period they occur.

**Building, Equipment and Leasehold Improvements**

Building, equipment and leasehold improvements are recorded at cost or at fair value as of the date purchased or contributed. Expenditures for ordinary maintenance and repair are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the costs of the various classes of assets using straight-line methods over the estimated useful lives of the respective assets, generally ranging from five to 25 years. Leasehold improvements are amortized over the relative lease term.

**Donated Assets**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Contributed Services and Facilities**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services include the value of production services, advertising and professional services donated by individuals in the estimated amount of \$41,389 and \$118,044 in 2006 and 2005, respectively.

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**Deferred Loan Costs**

Costs relating to debt financing are amortized over the term of the debt agreement using the straight-line method. Amortization expense totaled \$1,378 in fiscal 2006.

**Advertising Costs**

Advertising costs are expensed as incurred and are reflected in marketing in the accompanying statements of activities.

**Estimates**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation. Accordingly, no provision for taxes has been made in the financial statements.

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

At various times during the fiscal year, the Organization's cash and cash equivalent balances exceeded federally insured limits. In management's opinion, the risks relating to these deposits is minimal based on the credit rating of its financial institutions.

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

The Organization's contributions receivable consist of the following at July 31:

	<u>2006</u>	<u>2005</u>
Receivable in less than one year	\$ 665,610	\$ 96,060
Receivable in one to five years	<u>1,030,500</u>	<u>268,023</u>
Total contributions receivable	1,696,110	364,083
Less discounts to net present value (5%)	<u>(74,215)</u>	<u>(26,806)</u>
Net contributions receivable	<u>\$ 1,621,895</u>	<u>\$ 337,277</u>

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 3 – CONTRIBUTIONS RECEIVABLE (continued)**

Approximately 87% of contributions receivable at July 31, 2006 consist of amounts due from four donors, while approximately 69% of contributions receivable at July 31, 2005 consists of amounts due from one donor.

Approximately 68% of contributions in 2006 were made by three donors, while approximately 19% of contributions were made by one donor in 2005.

Included in the contributions receivable is \$948,526 net receivable to be used for payment of the building line of credit and other building acquisition expenses.

**NOTE 4 – BUILDING, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Building, equipment and leasehold improvements at July 31, 2006 and 2005 consist of the following:

	<u>2006</u>	<u>2005</u>
Building	\$ 600,000	\$ -
Furniture and equipment	11,673	11,673
Computer equipment	40,141	39,248
Leasehold improvements	<u>215,301</u>	<u>215,301</u>
	867,115	266,222
Accumulated depreciation and amortization	<u>(204,625)</u>	<u>(160,645)</u>
	<u>\$ 662,490</u>	<u>\$ 105,577</u>

During 2006, the Organization acquired a building for the purpose of relocating its operations, expected to occur in 2008. Through September 2006, the Organization leased the building to a tenant for \$4,230 per month.

**NOTE 5 – INVESTMENTS**

Investments consist of the following at July 31:

	<u>2006</u>	<u>2005</u>
Bond funds (fixed income)	\$ 163,523	\$ 143,976
Common stock funds (equities)	<u>193,564</u>	<u>174,498</u>
	<u>\$ 357,087</u>	<u>\$ 318,474</u>

The Organization policy is to allocate investments between fixed income securities (40% to 75% of the total investment balance) and equity securities (25% to 60% of the total investment balance).

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 6 – LINES OF CREDIT**

The Organization maintains two lines of credit arrangements with local financial institutions allowing for maximum borrowings of \$75,000 maturing April 2007 and \$150,000, payable on demand, with interest computed at a variable rate consisting of the bank's prime rate plus 1.5% and 1.0%, respectively. As of July 31, 2006 and 2005, borrowings outstanding were \$90,000 and \$0, respectively. The second line of credit noted above is secured by the Organization's cash, receivables and investments.

**NOTE 7 – NOTE PAYABLE-BUILDING LINES OF CREDIT**

In November 2005 the Organization entered into a multi-advance loan agreement provided by two financial institutions who share equally in the loan in which the Organization may borrow up to \$1,000,000 but may not re-borrow amounts that have been repaid. Interest payments are due monthly beginning December 15, 2005 at a fixed rate of 5.9% per annum. Principal reductions of \$300,000 are due annually, with the final principal payment due at maturity on November 15, 2008. The loan is collateralized by cash, investments and a negative pledge on real estate property stating property will not be mortgaged or pledged. Promises to give restricted for building acquisition will be used for payment of borrowing under the building line of credit. As of July 31, 2006 borrowings outstanding were \$600,000. Scheduled principal payments on the loan as of July 31, 2006, are as follows:

2007	\$ 300,000
2008	<u>300,000</u>
	<u>\$ 600,000</u>

**NOTE 8 – RESTRICTED NET ASSETS**

Temporarily restricted net assets – operating consist of the following at July 31:

	<u>2006</u>	<u>2005</u>
Young Artist Program	\$ 186,162	\$ 227,298
Promises to give for future periods	398,846	104,993
Opera Net	-	11,000
Future performances	<u>20,000</u>	<u>15,000</u>
	<u>\$ 605,008</u>	<u>\$ 358,291</u>

Temporarily restricted net assets – building consist of the following at July 31:

	<u>2006</u>	<u>2005</u>
Promises to give for building acquisition	<u>\$ 948,526</u>	<u>\$ -</u>

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 8 – RESTRICTED NET ASSETS (continued)**

Permanently restricted net assets consist of assets held for the following purposes at July 31:

	<u>2006</u>	<u>2005</u>
Endowment fund for operating expenses	\$ 250,235	\$ 225,142
Young Artist Scholarship program	<u>100,000</u>	<u>100,000</u>
	<u>\$ 350,235</u>	<u>\$ 325,142</u>

**NOTE 9 – LEASE AGREEMENT**

In July 1999, the Organization entered into a lease for office space. The original lease term extended through August 2004 and was renewed for an additional five-year period through August 2009 at a base rental of \$3,625 per month. The lease contains certain escalation clauses that increase the base rentals for annual increases in taxes and insurance above specified amounts.

Minimum rentals for the lease commitment as extended are as follows:

Year ending July 31,	
2007	\$ 43,500
2008	43,500
2009	43,500
2010	<u>3,625</u>
	<u>\$ 134,125</u>

**NOTE 10 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE**

The Community Foundation of Middle Tennessee (the "Foundation") maintains investments on behalf of the Organization. The Foundation has ultimate authority and control over the investments; accordingly, the net assets of the Organization do not include these investments.

The Organization does anticipate receiving periodic investment earnings on its pro-rata share of the Foundation's assets. The balance of the endowment fund held for the benefit of the Organization totals \$2,203,384 and \$2,121,124 at July 31, 2006 and 2005, respectively.

The Organization received contributions from the Foundation of \$108,207 and \$101,002 in fiscal 2006 and fiscal 2005, respectively.

**NASHVILLE OPERA ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**July 31, 2006 and 2005**

**NOTE 11 – EMPLOYEE BENEFIT PLAN**

Effective January 1, 2005, the Organization established a defined contribution benefit plan (the “Plan”) in which all qualified employees 21 years of age and over may participate. The Plan provides for participants’ pretax contributions to the Plan pursuant to Section 401(k) of the Internal Revenue Code. The Organization will make a matching contribution equal to 100% of employee salary deferrals that do not exceed 4% of salary. Both employee and employer contributions are 100% vested. The Organization’s contribution to the Plan was approximately \$12,600 and \$2,000 for the years ended July 31, 2006 and 2005, respectively.

## **SUPPLEMENTAL INFORMATION**



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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

The Board of Directors  
Nashville Opera Association  
Nashville, Tennessee

Our report on our audit of the financial statements of Nashville Opera Association appears on page 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statement of activities and statement of functional expenses that follows on pages 17 and 18 are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Frasier, Dean & Howard, PLLC*

November 7, 2006

**NASHVILLE OPERA ASSOCIATION**  
**COMBINING STATEMENT OF ACTIVITIES**  
**Year ended July 31, 2006**

	<b>Nashville Opera Association</b>	<b>Nashville Opera Guild</b>	<b>Eliminations Dr. (Cr.)</b>	<b>Combined</b>
Support and revenue:				
Contributions	\$ 2,394,154	\$ -	\$ 95,000	\$ 2,299,154
Ticket sales	517,079	-	-	517,079
Grants from governmental agencies	227,968	-	-	227,968
Association fundraiser	17,310	-	-	17,310
Special events	-	184,912	-	184,912
Investment income	17,424	33	-	17,457
Other income	11,897	15,466	-	27,363
Rental income	35,955	-	-	35,955
Membership dues	-	8,145	-	8,145
	<u>3,221,787</u>	<u>208,556</u>	<u>95,000</u>	<u>3,335,343</u>
Total support and revenue				
Expenses:				
Production	656,122	-	-	656,122
Administrative	613,266	19,096	-	632,362
Subcontract labor	352,451	-	-	352,451
Marketing	290,557	-	-	290,557
Development and fundraising	209,827	-	-	209,827
Public relations	85,319	-	-	85,319
Special events	-	90,325	-	90,325
Other	2,250	-	-	2,250
Contributions	-	95,000	(95,000)	-
	<u>2,209,792</u>	<u>204,421</u>	<u>(95,000)</u>	<u>2,319,213</u>
Total expenses				
Change in net assets	<u>\$ 1,011,995</u>	<u>\$ 4,135</u>	<u>\$ -</u>	<u>\$ 1,016,130</u>

**NASHVILLE OPERA ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended July 31, 2006**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Salaries	\$ 159,685	\$ 268,863	\$ 110,214	\$ 538,762
Production expense	979,568	-	-	979,568
Marketing	-	202,151	-	202,151
Fundraising events	-	-	105,075	105,075
Miscellaneous	34,035	30,937	56,425	121,397
Depreciation and amortization	-	45,358	-	45,358
Payroll taxes	13,850	20,587	8,131	42,568
Employee benefits	16,911	16,020	7,771	40,702
Interest	-	31,525	-	31,525
Pension	13,160	12,797	3,050	29,007
Printing and publications	-	22,430	5,203	27,633
Legal and professional	-	26,220	-	26,220
Scenery and costume storage	22,524	-	-	22,524
Occupancy	-	13,419	-	13,419
Dues and subscriptions	-	12,273	-	12,273
Rehearsal hall rent	11,981	-	-	11,981
Public relations	-	11,801	-	11,801
Building expense	-	11,517	-	11,517
Bank fees	-	10,882	-	10,882
Telephone	6,006	1,874	-	7,880
Supplies	-	6,497	1,125	7,622
Equipment maintenance	-	7,381	-	7,381
Postage	-	4,121	3,158	7,279
Conferences	-	2,361	-	2,361
Utilities	-	2,327	-	2,327
Total expenses	<u>\$ 1,257,720</u>	<u>\$ 761,341</u>	<u>\$ 300,152</u>	<u>\$ 2,319,213</u>