

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

As of and for the Years Ended July 31, 2021 and 2020

And Report of Independent Auditor

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
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Report of Independent Auditor

To the Board of Directors
Nashville Opera Association and Affiliates
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Nashville Opera Association and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of July 31, 2021 and 2020 and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nashville Opera Association and Affiliates, as of July 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Nashville, Tennessee
December 17, 2021

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2021 AND 2020

| | 2021 | 2020 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,196,656 | \$ 794,719 |
| Contributions receivable | 74,210 | 172,643 |
| Prepaid expenses and other | 11,237 | 29,271 |
| Total Current Assets | 1,282,103 | 996,633 |
| Investments | 5,536,100 | 4,642,539 |
| Noncurrent contributions receivable, net of discount | 41,054 | 91,054 |
| Land, building, and equipment, net | 4,948,722 | 5,098,802 |
| Total Assets | \$ 11,807,979 | \$ 10,829,028 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 56,676 | \$ 13,722 |
| Unearned revenue | 157,595 | 252,182 |
| Deferred grant revenue | 147,900 | 134,800 |
| Total Current Liabilities | 362,171 | 400,704 |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Undesignated | 6,253,442 | 5,836,040 |
| Board-designated endowments | 4,213,166 | 3,319,651 |
| Total Without Donor Restrictions | 10,466,608 | 9,155,691 |
| With Donor Restrictions | 979,200 | 1,272,633 |
| Total Net Assets | 11,445,808 | 10,428,324 |
| Total Liabilities and Net Assets | \$ 11,807,979 | \$ 10,829,028 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|--------------|
| Support and Revenue: | | | |
| Contributions from individuals | \$ 419,933 | \$ 31,108 | \$ 451,041 |
| Contributions from corporations and foundations (including in-kind of \$19,025) | 726,979 | - | 726,979 |
| Investment income, net | 916,577 | - | 916,577 |
| Single ticket sales and tour fees | 48,695 | - | 48,695 |
| Guild special events | 114,333 | - | 114,333 |
| Grants from governmental agencies | 289,350 | - | 289,350 |
| Grants - Paycheck Protection Program loan | 134,800 | - | 134,800 |
| Rental income | 185,637 | - | 185,637 |
| Fundraising revenue | 67,477 | - | 67,477 |
| Other income | 2,726 | - | 2,726 |
| Membership dues | 11,720 | - | 11,720 |
| Interest income | 196 | - | 196 |
| Net assets released from restrictions | 324,541 | (324,541) | - |
| Total Support and Revenue | 3,242,964 | (293,433) | 2,949,531 |
| Expenses: | | | |
| Production | 643,149 | - | 643,149 |
| Administrative | 737,928 | - | 737,928 |
| Subcontract labor | 141,070 | - | 141,070 |
| Building expenses | 269,412 | - | 269,412 |
| Special events | 42,602 | - | 42,602 |
| Marketing | 33,774 | - | 33,774 |
| Development and fundraising | 19,436 | - | 19,436 |
| Public relations | 14,454 | - | 14,454 |
| Other | 30,222 | - | 30,222 |
| Total Expenses | 1,932,047 | - | 1,932,047 |
| Change in Net Assets | \$ 1,310,917 | \$ (293,433) | \$ 1,017,484 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|--------------|
| Support and Revenue: | | | |
| Contributions from individuals | \$ 450,946 | \$ 100,000 | \$ 550,946 |
| Contributions from corporations and foundations (including in-kind of \$20,292) | 451,118 | 117,643 | 568,761 |
| Investment income, net | 364,078 | - | 364,078 |
| Single ticket sales and tour fees | 261,061 | - | 261,061 |
| Guild special events | 232,022 | - | 232,022 |
| Grants from governmental agencies | 184,600 | - | 184,600 |
| Rental income | 180,608 | - | 180,608 |
| Fundraising revenue | 21,575 | - | 21,575 |
| Other income | 11,786 | - | 11,786 |
| Membership dues | 4,835 | - | 4,835 |
| Interest income | 94 | - | 94 |
| Net assets released from restrictions | 390,458 | (390,458) | - |
| Total Support and Revenue | 2,553,181 | (172,815) | 2,380,366 |
| Expenses: | | | |
| Production | 797,370 | - | 797,370 |
| Administrative | 609,164 | - | 609,164 |
| Subcontract labor | 316,939 | - | 316,939 |
| Building expenses | 302,164 | - | 302,164 |
| Special events | 102,654 | - | 102,654 |
| Marketing | 59,480 | - | 59,480 |
| Development and fundraising | 34,171 | - | 34,171 |
| Public relations | 34,089 | - | 34,089 |
| Other | 32,219 | - | 32,219 |
| Total Expenses | 2,288,250 | - | 2,288,250 |
| Change in Net Assets | \$ 264,931 | \$ (172,815) | \$ 92,116 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JULY 31, 2021 AND 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
| Net assets, July 31, 2019 | \$ 8,890,760 | \$ 1,445,448 | \$ 10,336,208 |
| Change in net assets | 264,931 | (172,815) | 92,116 |
| Net assets, July 31, 2020 | 9,155,691 | 1,272,633 | 10,428,324 |
| Change in net assets | 1,310,917 | (293,433) | 1,017,484 |
| Net assets, July 31, 2021 | <u>\$ 10,466,608</u> | <u>\$ 979,200</u> | <u>\$ 11,445,808</u> |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2021

| | Program Services | Management and General | Fundraising | Total |
|--|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 320,133 | \$ 262,288 | \$ 119,274 | \$ 701,695 |
| Production subcontract labor | 147,413 | - | - | 147,413 |
| Production expense | 165,221 | - | - | 165,221 |
| Depreciation and amortization | 155,661 | 50,209 | - | 205,870 |
| Building expense | 92,259 | 34,649 | - | 126,908 |
| Fundraising events | - | - | 44,402 | 44,402 |
| Miscellaneous (including in-kind of \$4,025) | 9,356 | 139,389 | 13,880 | 162,625 |
| Employee benefits | 15,835 | 38,371 | 17,891 | 72,097 |
| Payroll taxes | 19,473 | 27,816 | 9,124 | 56,413 |
| Marketing | - | 21,972 | - | 21,972 |
| Utilities | 37,609 | 12,355 | - | 49,964 |
| Legal and professional | - | 34,428 | - | 34,428 |
| Insurance | - | 32,144 | - | 32,144 |
| Telephone | 14,864 | 5,109 | - | 19,973 |
| Public relations | - | 8,893 | - | 8,893 |
| Printing and publications | - | 13,457 | 758 | 14,215 |
| Pension | 4,903 | 4,706 | 2,385 | 11,994 |
| Bank fees | - | 15,422 | - | 15,422 |
| Dues and subscriptions | 6,500 | 2,827 | - | 9,327 |
| Postage | - | 3,271 | 406 | 3,677 |
| Supplies | - | 3,704 | 2,592 | 6,296 |
| Conferences | - | 2,081 | - | 2,081 |
| Equipment maintenance (including in-kind of \$15,000) | - | 19,017 | - | 19,017 |
| Total Expenses | \$ 989,227 | \$ 732,108 | \$ 210,712 | \$ 1,932,047 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2020

| | Program Services | Management and General | Fundraising | Total |
|--|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 318,204 | \$ 255,186 | \$ 119,274 | \$ 692,664 |
| Production subcontract labor | 318,439 | - | - | 318,439 |
| Production expense | 274,802 | - | - | 274,802 |
| Depreciation and amortization | 153,375 | 49,609 | - | 202,984 |
| Building expense | 91,861 | 71,684 | - | 163,545 |
| Fundraising events | - | - | 108,904 | 108,904 |
| Miscellaneous (including in-kind of \$20,292) | 24,249 | 48,161 | 28,003 | 100,413 |
| Employee benefits | 21,446 | 34,063 | 17,891 | 73,400 |
| Payroll taxes | 23,147 | 25,049 | 9,124 | 57,320 |
| Marketing | - | 57,048 | - | 57,048 |
| Utilities | 37,274 | 12,308 | - | 49,582 |
| Legal and professional | - | 39,874 | - | 39,874 |
| Insurance | 17,381 | 18,694 | - | 36,075 |
| Telephone | 16,620 | 5,947 | - | 22,567 |
| Public relations | - | 18,102 | - | 18,102 |
| Printing and publications | - | 15,753 | 448 | 16,201 |
| Pension | 7,929 | 3,168 | 2,385 | 13,482 |
| Bank fees | - | 13,346 | - | 13,346 |
| Dues and subscriptions | 6,500 | 6,469 | - | 12,969 |
| Postage | - | 6,277 | 707 | 6,984 |
| Supplies | - | 2,810 | 763 | 3,573 |
| Conferences | - | 3,503 | - | 3,503 |
| Equipment maintenance | - | 2,473 | - | 2,473 |
| Total Expenses | <u>\$ 1,311,227</u> | <u>\$ 689,524</u> | <u>\$ 287,499</u> | <u>\$ 2,288,250</u> |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2021 AND 2020

| | 2021 | 2020 |
|---|--------------|------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,017,484 | \$ 92,116 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 205,870 | 202,984 |
| Net realized and unrealized gain on investments | (786,378) | (248,818) |
| Changes in operating assets and liabilities: | | |
| Contributions receivable | 48,433 | 72,815 |
| Accounts receivable | - | 2,677 |
| Prepaid expenses and other | 18,034 | (11,662) |
| Accounts payable and accrued expenses | 42,954 | 13,722 |
| Unearned revenue | (94,587) | (16,787) |
| Deferred grant revenue | 13,100 | 134,800 |
| Net cash flows from operating activities | 464,910 | 241,847 |
| Cash flows from investing activities: | | |
| Purchases of building and equipment | (55,790) | (36,701) |
| Purchases of investments, net | (107,183) | (252,721) |
| Proceeds from sales of investments, net | - | 277,084 |
| Net cash flows from investing activities | (162,973) | (12,338) |
| Cash flows from financing activities: | | |
| Proceeds from contributions restricted for long-term purposes | 100,000 | - |
| Net cash flows from financing activities | 100,000 | - |
| Net increase in cash and cash equivalents | 401,937 | 229,509 |
| Cash and cash equivalents, beginning of year | 794,719 | 565,210 |
| Cash and cash equivalents, end of year | \$ 1,196,656 | \$ 794,719 |
| Supplemental information: | | |
| Taxes paid | \$ 2,500 | \$ 2,500 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies

Nashville Opera Association (the “Organization”) was organized in 1981 to make a difference by creating legendary productions and programs and providing exceptional service. The Nashville Opera Association is supported primarily through donor contributions.

During fiscal 2002, the Nashville Opera Guild (the “Guild”), an organization created to support the Nashville Opera Association primarily through volunteer efforts, merged with the Nashville Opera Association. The accompanying consolidated financial statements include the activities of the Guild.

The Nashville Opera Association also owns a 100% membership interest in three single member limited liability companies, Nashville Opera Company, LLC (which comprises the operating activities of the Organization, including the operatic productions); Noah Liff Opera Center, LLC (which comprises the Organization’s building); and NOA Foundation, LLC (which comprises the Organization’s restricted net assets and other investments). The limited liability companies were formed on January 1, 2008.

Principles of Consolidation – The consolidated financial statements include the accounts of the Nashville Opera Association; the Guild; Nashville Opera Company, LLC; Noah Liff Opera Center, LLC; and NOA Foundation, LLC, referred to herein collectively as the “Organization”. All significant inter-entity transactions and balances have been eliminated in consolidation.

Accounting Method –The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), whereby revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets of the Organization are presented as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organizations’ management and the Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restriction – Net assets that are subject to stipulations by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects. The Organization has the following types of net assets with donor restrictions:

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.

Capital – Represents net assets subject to donor-imposed stipulations that they be used for acquisition, renovation, and maintenance of a long-lived asset.

Held in Perpetuity – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Restricted Endowment Funds – The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). The guidance requires that the amount of net assets with donor restrictions cannot be reduced by losses on investments of the funds or by an organization’s expenditures from the fund unless the donor required the gift to be held in specific investments. It also requires disclosure of a description of the governing board’s interpretation of the law that underlies the organization’s net asset classification of donor-restricted endowment funds, a description of the organization’s policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization’s endowment investment policies, and additional disclosures, which are disclosed in Note 12.

Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include highly-liquid investments with an original maturity of three months or less, except for cash held in investment accounts.

Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. See Note 7 for discussion of fair value measurements. Gains or losses on such investments are reported as a change in net assets in the period they occur. The Organization’s policy is to allocate investments between fixed income securities and equity securities.

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 receivable due in the next year are reflected as current contributions receivable and are recorded at their net realizable value. Contributions receivable due in subsequent years are reflected as noncurrent contributions receivable and are recorded at the present value of their net realizable value, by discounting the contributions receivable at an appropriate rate commensurate with the risk involved.

The Organization uses the allowance method to determine uncollectible, unconditional contributions receivable. 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, 2021 and 2020 and, accordingly, no allowance for uncollectible contributions receivable has been provided at July 31, 2021 or 2020.

Land, Building, and Equipment – Land, building, and equipment are recorded at cost as of the date purchased or at fair value as of the date 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 5 to 40 years.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Contributions – Contributions received are recorded as with donor restriction or without donor restriction depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are shown as increases in net assets without donor restrictions. The Organization recognizes revenue received related to the Impresario Council, membership levels of the Organization, as an annual unrestricted contribution.

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 from advance ticket sales and deposits for future rental agreements. These advance ticket sales and related expenses are reflected in operations in the year the production is performed. The facility and production set rental income is reflected in the year the rental occurs.

Donated Assets – Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed Services and Facilities – Contributed services are reflected in the consolidated 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 amounts of \$19,025 and \$20,292 in fiscal 2021 and 2020, respectively.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Advertising Costs – Advertising costs are expensed as incurred and are reflected in marketing in the accompanying consolidated statements of activities. Advertising expense totaled \$5,625 and \$12,112 for fiscal 2021 and 2020, respectively.

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

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

New Accounting Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted the provisions of ASU 2014-09 as of August 1, 2020, using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of August 1, 2020. There was no change in timing and amount of revenue recognized as a result of the adoption of the ASU.

Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the lease guidance in ASC 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified either as finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization year ending July 31, 2023. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Subsequent Events – The Organization evaluated subsequent events through December 17, 2021, when these consolidated financial statements were available to be issued. Except for the items included in Notes 10 and 17, management is not aware of any significant events that occurred subsequent to the consolidated statements of financial position date but prior to the issuance of this report that would have a material impact on the accompanying consolidated financial statements.

Note 2—Revenue recognition

As discussed above, on August 1, 2020, the Organization adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. The Organization determined there were no cumulative effect adjustments to net assets upon adoption of the new revenue standard as of August 1, 2021. Under ASC 606, revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

The Organization recognized revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction prices
- Allocation of the transaction prices to the performance obligations in the contract
- Recognition of revenue when or as the Organization satisfies a performance obligation

Performance Obligations and Revenue Recognition – A performance obligation is a contract to transfer a distinct good or service to a customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue, when, or as, the performance obligation is satisfied. The contract obligation for ticket sales and rental income are satisfied at the time these services are provided or when a good is transferred to the customer.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 2—Revenue recognition (continued)

Ticket Sales – A portion of the Organization’s revenue is derived from the sales of tickets to opera performances hosted by the Organization. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized once the requirement has been met. Once the opera performance is held, the performance obligation is considered to have been met. These transactions are considered contracts with customers as they have commercial substance through the transaction of cash payment in return for the good or service purchased.

Rental Income – A portion of the Organization’s revenue is derived by renting facility space to customers to hold special events. These agreements are not for longer than 12 months and, therefore, are considered contracts with customers that have commercial substance through the transaction of cash payment in return for the services purchased, rather than an operating or financing lease. Due to the nature of these transactions, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized once the requirement has been met. Once the service is performed, the performance obligation is considered to have been met.

Disaggregation of Revenue – See the consolidated statement of activities for the year ended July 31, 2021.

Contract Balance – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying consolidated statements of financial position totaled \$157,595 and \$252,182 as of July 31, 2021 and 2020, respectively. Deferred or unearned revenue represents income from ticket sales and rental income. These items are recorded as deferred or unearned revenue when received and recognized when the opera performance is held and the rental event is hosted.

The following table provides information about significant changes in contract liabilities for the year ended July 31, 2021:

| | Ticket Sales | Rental Income | Total |
|--|---------------------|----------------------|--------------|
| Unearned revenue, beginning of year | \$ 45,686 | \$ 206,496 | \$ 252,182 |
| Revenue recongized that was included in unearned revenue at beginning of year | (20,705) | (105,652) | (126,357) |
| Amounts refunded to customers | (24,981) | (38,384) | (63,365) |
| Increase in unearned revenue due to cash received during the year | - | 95,135 | 95,135 |
| Unearned revenue, end of year | \$ - | \$ 157,595 | \$ 157,595 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 3—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at July 31:

| | 2021 | 2020 |
|--|--------------|--------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 1,196,656 | \$ 794,719 |
| Contributions receivable | 74,210 | 172,643 |
| Investments | 5,536,100 | 4,642,539 |
| Total financial assets | 6,806,966 | 5,609,901 |
| Less amounts not available to be used for general expenditures within one year: | | |
| Assets subject to board designation for endowment | 4,213,166 | 3,319,651 |
| Assets subject to restrictions | 979,200 | 1,272,633 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,614,600 | \$ 1,017,617 |

As described in Note 9, the Organization also has a line of credit that is available for general operating needs. Board-designated endowment of \$4,213,166 and \$3,319,651 at July 31, 2021 and 2020, respectively, is subject to the Organization's spending policy as described in Note 12. The Organization does not intend to spend from the board-designated endowment other than amounts appropriated for general expenditure in accordance with its spending policy. However, these amounts could be made available if necessary.

Note 4—Concentrations of credit risk

At various times during the 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 ratings of its financial institutions.

At July 31, 2021 and 2020, investments were managed by two investment companies with account balances totaling \$5,536,100 and \$4,642,539, respectively. Investment in the accounts are invested in various stock, bonds, and mutual funds. Investments are not insured by the Federal Deposit Insurance Corporation or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 5—Contributions receivable

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Receivable in less than one year | \$ 74,210 | \$ 172,643 |
| Receivable in one to five years | 50,000 | 100,000 |
| Total contributions receivable | 124,210 | 272,643 |
| Less discounts to net present value (2% to 5%) | (8,946) | (8,946) |
| Net contributions receivable | <u>\$ 115,264</u> | <u>\$ 263,697</u> |

At July 31, 2021, approximately 79% of contributions receivable consists of amounts due from one donor, while at July 31, 2020, approximately 84% of contributions receivable consists of amounts due from two donors.

For the year ended July 31, 2021, approximately 19% of contributions revenue came from one donor. For the year ended July 31, 2020, approximately 20% of contributions revenue came from one donor.

Note 6—Investments

Investments, at fair value consist of the following at July 31:

| | 2021 | 2020 |
|---------------------------------|---------------------|---------------------|
| Mutual funds | \$ 4,783,025 | \$ 3,924,705 |
| Exchange-traded funds and other | - | 65,200 |
| Money market | 753,075 | 652,634 |
| | <u>\$ 5,536,100</u> | <u>\$ 4,642,539</u> |

Note 7—Fair value measurements

U.S. GAAP establishes a fair value measurement hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority.

The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. A description of the valuation methodologies used for assets measured at fair value is as follows:

Money Market Funds and Mutual Funds – Valued at the quoted market prices of shares held by the fund at year-end.

Exchange-Traded Funds – Valued at the closing price reported on the active market on which the securities are traded.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 7—Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the investments at fair value as of July 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|----------------|----------------|----------------|--------------|
| Money market funds | \$ 753,075 | \$ - | \$ - | \$ 753,075 |
| Mutual funds: | | | | |
| Bond funds - fixed income | 188,009 | - | - | 188,009 |
| Bond funds - intermediate term | 1,257,032 | - | - | 1,257,032 |
| Common stock funds - growth funds | 1,488,993 | - | - | 1,488,993 |
| Common stock funds - value funds | 1,178,018 | - | - | 1,178,018 |
| Common stock funds - blend funds | 670,973 | - | - | 670,973 |
| Total mutual funds | 4,783,025 | - | - | 4,783,025 |
| Exchange-traded funds: | | | | |
| Common stock funds - blend funds | - | - | - | - |
| Total exchange-traded funds | - | - | - | - |
| Total investments | \$ 5,536,100 | \$ - | \$ - | \$ 5,536,100 |

The following table sets forth by level, within the fair value hierarchy, the investments at fair value as of July 31, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|----------------|----------------|----------------|--------------|
| Money market funds | \$ 652,634 | \$ - | \$ - | \$ 652,634 |
| Mutual funds: | | | | |
| Bond funds - fixed income | 292,397 | - | - | 292,397 |
| Bond funds - intermediate term | 1,301,686 | - | - | 1,301,686 |
| Common stock funds - growth funds | 2,104,364 | - | - | 2,104,364 |
| Common stock funds - blend funds | 226,258 | - | - | 226,258 |
| Total mutual funds | 3,924,705 | - | - | 3,924,705 |
| Exchange-traded funds: | | | | |
| Common stock funds - blend funds | 65,200 | - | - | 65,200 |
| Total exchange-traded funds | 65,200 | - | - | 65,200 |
| Total investments | \$ 4,642,539 | \$ - | \$ - | \$ 4,642,539 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 8—Land, building, and equipment

Land, building, and equipment at July 31 consist of the following:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Building, land, and land improvements | \$ 623,400 | \$ 623,400 |
| Building improvements | 6,537,211 | 6,537,211 |
| Furniture and equipment | 785,240 | 773,763 |
| Production scenery | 113,717 | 113,717 |
| Vehicles | 44,313 | - |
| | 8,103,881 | 8,048,091 |
| Accumulated depreciation and amortization | (3,155,159) | (2,949,289) |
| | <u>\$ 4,948,722</u> | <u>\$ 5,098,802</u> |

During the year ended July 31, 2021, the Organization paid \$44,313 as a deposit on a mobile stage. This amount is included as vehicles in the table above.

Note 9—Line of credit

Historically, the Organization has maintained a line of credit for operational needs. In February 2019, the Organization obtained a line of credit with a local financial institution allowing for maximum borrowings of \$500,000. The line of credit requires monthly interest payments computed at the bank's prime rate (3.25% at July 31, 2021). The line of credit is secured by first priority blanket lien on the Organization's assets. As of July 31, 2021 and 2020, there were no borrowings outstanding under this arrangement.

Note 10—Deferred grant revenue

During the year ended July 31, 2020, the Organization received a Paycheck Protection Program loan ("PPP") in the amount of \$134,800. The PPP loan is granted by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount; spend up to 60% of the loan proceeds on certain payroll and employee benefits; and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization deferred recognition of grant revenue for the year ended July 31, 2020, because the conditions for forgiveness had not yet been substantially met; however, during the year ended July 31, 2021, the Organization's lender provided notification that the SBA has approved the loan forgiveness application. The Organization recognized grant revenue in the amount of \$134,800 for the year ended July 31, 2021 upon notification of forgiveness.

During the year ended July 31, 2021, the Organization received a PPP loan in the amount of \$147,900. The Organization has deferred recognition of grant revenue for the year ended July 31, 2021, because the conditions for forgiveness have not yet been substantially met. Subsequent to July 31, 2021, the Organization's lender provided notification that the SBA has approved the loan forgiveness application. As a result, the Organization will recognize \$147,900 as grant revenue during the year ended July 31, 2022.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 11—Restrictions on net assets

Net assets with donor restrictions consist of the following at July 31:

| | 2021 | 2020 |
|---|-------------------|---------------------|
| Net assets with donor restrictions - operations: | | |
| Opera Pass FY20 | \$ - | \$ 15,000 |
| Coming Season Sponsorship | - | 130,000 |
| Promises to give for future periods | 24,210 | 72,643 |
| | <u>24,210</u> | <u>217,643</u> |
| Net assets with donor restrictions - capital: | | |
| Promises to give for building acquisition, renovation, and maintenance | 91,054 | 191,054 |
| Endowment fund for building renovation and maintenance | 95,655 | 95,655 |
| | <u>186,709</u> | <u>286,709</u> |
| Net assets with donor restrictions to be held in perpetuity: | | |
| Endowment fund for operating expenses | 668,281 | 668,281 |
| Young Artist Scholarship Program | 100,000 | 100,000 |
| | <u>768,281</u> | <u>768,281</u> |
| Total net assets with donor restrictions | <u>\$ 979,200</u> | <u>\$ 1,272,633</u> |

The dividend and interest income earned on net assets with donor restrictions that they be held in perpetuity is generally available to the Organization on an unrestricted basis.

Note 12—Endowment fund

The Organization's endowment consists of unrestricted (board-designated) and donor-restricted gifts held in investment accounts. As required, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Board of Directors of the Organization has interpreted 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 Organization classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The endowment also includes net assets without donor restriction for the Fund for Artistic Excellence, Anniversary Campaign from contributions receivable, general endowment fund, and certain building maintenance funds.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 12—Endowment fund (continued)

Endowment net asset composition by type of fund as of July 31, 2021:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| General endowment fund | \$ 605,146 | \$ 768,281 | \$ 1,373,427 |
| Unrestricted Fund for Artistic Excellence | 726,992 | - | 726,992 |
| Anniversary Campaign | 2,767,919 | - | 2,767,919 |
| Building maintenance funds | 113,109 | 95,655 | 208,764 |
| | <u>\$ 4,213,166</u> | <u>\$ 863,936</u> | <u>\$ 5,077,102</u> |

Changes in endowment net assets for the fiscal year ended July 31, 2021:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 3,319,651 | \$ 863,936 | \$ 4,183,587 |
| Investment income, net | 107,137 | - | 107,137 |
| Net appreciation | 786,378 | - | 786,378 |
| Contributions | - | - | - |
| Amounts appropriated for expenditure | - | - | - |
| Endowment net assets, end of year | <u>\$ 4,213,166</u> | <u>\$ 863,936</u> | <u>\$ 5,077,102</u> |

Endowment net asset composition by type of fund as of July 31, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| General endowment fund | \$ 363,450 | \$ 768,281 | \$ 1,131,731 |
| Unrestricted Fund for Artistic Excellence | 599,041 | - | 599,041 |
| Anniversary Campaign | 2,280,774 | - | 2,280,774 |
| Building maintenance funds | 76,386 | 95,655 | 172,041 |
| | <u>\$ 3,319,651</u> | <u>\$ 863,936</u> | <u>\$ 4,183,587</u> |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 12—Endowment fund (continued)

Changes in endowment net assets for the fiscal year ended July 31, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 3,095,288 | \$ 863,936 | \$ 3,959,224 |
| Investment income, net | 94,442 | - | 94,442 |
| Net appreciation | 249,521 | - | 249,521 |
| Contributions | 50,000 | - | 50,000 |
| Amounts appropriated for expenditure | (169,600) | - | (169,600) |
| Endowment net assets, end of year | <u>\$ 3,319,651</u> | <u>\$ 863,936</u> | <u>\$ 4,183,587</u> |

Endowment Investment Policy and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a secure source of income to enable the Organization to underwrite a portion of its operating cost.

Endowment assets include those assets of donor-restricted funds the Organization must hold in perpetuity and funds that are without donor restriction. Those funds without donor restrictions include the Fund for Artistic Excellence and the Anniversary Campaign, which is created to support the mission of the Nashville Opera Association.

Under this policy, as approved by the Board of Directors, the general policy is to diversify investments through a portfolio of stocks, bonds, and other investments so as to enhance total return while avoiding undue risk concentration in any investment class. It is expected that the allocations will fall within the ranges as follows:

| | |
|--------------------|-----------|
| Equities | 50% – 75% |
| Fixed income | 20% – 40% |
| Non-traditional | 0% – 25% |
| Cash or equivalent | 5% – 15% |

Investments of a single issuer may not exceed 5% of the total market value of the endowment.

Strategies Employed for Achieving Investment Objectives – To satisfy its long-term objectives, the Organization's investment strategy for the donor-restricted funds, Fund for Artistic Excellence, and Anniversary Campaign is to invest in moderately aggressive funds with an emphasis on long-term growth. The objective is for the funds to realize a reasonable level of income. The goal for growth of the endowment funds is to grow in excess of the inflation rate over a full market cycle, after distributions for spending and management fees.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization's policy for the donor-restricted fund is to appropriate dividend and interest income from the endowment fund annually. Appropriations will be equal to 5% of the market value, defined as the three-year rolling average of the December 31 balance. The Organization did not appropriate any amounts from the endowment fund during the year ended July 31, 2021.

The Organization's policy for endowment funds is generally to appropriate 5% of the market value, defined as the three-year rolling average of the December 31 balance. Additional withdrawals may be requested for approval by the NOA Foundation, LLC Board of Directors.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

Note 13—Staffing arrangement

The Organization has entered into an agreement with an employee leasing company whereby substantially all of the Organization's staff are leased. Under this arrangement, the Organization reimburses payroll, related taxes, and insurance costs plus a fee to the leasing company. The agreement can be canceled by either party with 30-days' notice.

Note 14—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 IRC. The Organization can make a discretionary-matching contribution. Both employee and employer contributions are 100% vested. The Organization's contribution to the Plan was \$11,994 and \$13,482 for the years ended July 31, 2021 and 2020, respectively.

Note 15—Operating lease commitment

During fiscal years 2021 and 2020, the Organization maintained a lease agreement for certain warehouse space accounted for as an operating lease. Rent expense for the years ended July 31, 2021 and 2020 was \$47,304 and \$43,236, respectively, and is included in production expenses on the consolidated statements of activities.

Future minimum lease payments are as follows as of July 31, 2021:

Years Ending July 31,

| | | |
|------|----|----------------|
| 2022 | \$ | 48,744 |
| 2023 | | 50,208 |
| 2024 | | 51,720 |
| 2025 | | 39,600 |
| | \$ | <u>190,272</u> |

Note 16—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity. The coronavirus outbreak and government responses are creating disruptions and adversely impacting many industries. The outbreak is having a material, adverse impact on economic and market conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

Note 17—Subsequent events

Subsequent to July 31, 2021, the Organization was awarded \$181,054 of grant funds through the Shuttered Venue Operator Grant program. These funds can be used for certain allowable costs incurred between March 1, 2020, and December 31, 2021.

SUPPLEMENTAL INFORMATION

**Report of Independent Auditor
on Supplemental Information**

To the Board of Directors
Nashville Opera Association and Affiliates
Nashville, Tennessee

We have audited the consolidated financial statements of Nashville Opera Association and Affiliates as of and for the years ended July 31, 2021 and 2020, and our report thereon dated December 17, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements of activities that follow on pages 23 and 24 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Nashville, Tennessee
December 17, 2021

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2021

| | Nashville Opera Company, LLC | Noah Liff Opera Center, LLC | NOA Foundation, LLC | Nashville Opera Guild (a division of Nashville Opera Company, LLC) | Eliminations | Consolidated |
|--|------------------------------------|-----------------------------------|------------------------|---|--------------|--------------|
| Support and Revenue: | | | | | | |
| Contributions from individuals | \$ 451,041 | \$ - | \$ - | \$ - | \$ - | \$ 451,041 |
| Contributions from corporations and foundations | 726,979 | - | - | - | - | 726,979 |
| Investment income, net | - | - | 916,577 | - | - | 916,577 |
| Single ticket sales and tour fees | 48,695 | - | - | - | - | 48,695 |
| Guild special events | - | - | - | 114,333 | - | 114,333 |
| Grants from governmental agencies | 289,350 | - | - | - | - | 289,350 |
| Grants - Paycheck Protection Program loan | 134,800 | - | - | - | - | 134,800 |
| Rental income | 185,637 | - | - | - | - | 185,637 |
| Fundraising revenue | 67,477 | - | - | - | - | 67,477 |
| Other income | 725 | - | - | 2,001 | - | 2,726 |
| Membership dues | - | - | - | 11,720 | - | 11,720 |
| Interest income | 196 | - | - | - | - | 196 |
| Other contributions | 75,000 | - | - | - | (75,000) | - |
| Total Support and Revenue | 1,979,900 | - | 916,577 | 128,054 | (75,000) | 2,949,531 |
| Expenses: | | | | | | |
| Production | 643,149 | - | - | - | - | 643,149 |
| Administrative | 737,928 | - | - | - | - | 737,928 |
| Subcontract labor | 141,070 | - | - | - | - | 141,070 |
| Building expenses | 64,955 | 204,457 | - | - | - | 269,412 |
| Special events | - | - | - | 42,602 | - | 42,602 |
| Marketing | 33,774 | - | - | - | - | 33,774 |
| Development and fundraising | 19,436 | - | - | - | - | 19,436 |
| Public relations | 14,454 | - | - | - | - | 14,454 |
| Other | - | - | 23,062 | 7,160 | - | 30,222 |
| Contributions | - | - | - | 75,000 | (75,000) | - |
| Total Expenses | 1,654,766 | 204,457 | 23,062 | 124,762 | (75,000) | 1,932,047 |
| Change in Net Assets | \$ 325,134 | \$ (204,457) | \$ 893,515 | \$ 3,292 | \$ - | \$ 1,017,484 |

NASHVILLE OPERA ASSOCIATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2020

| | Nashville Opera Company, LLC | Noah Liff Opera Center, LLC | NOA Foundation, LLC | Nashville Opera Guild (a division of Nashville Opera Company, LLC) | Eliminations | Consolidated |
|--|------------------------------------|-----------------------------------|------------------------|---|--------------|--------------|
| Support and Revenue: | | | | | | |
| Contributions from individuals | \$ 550,946 | \$ - | \$ - | \$ - | \$ - | \$ 550,946 |
| Contributions from corporations and foundations | 568,761 | - | - | - | - | 568,761 |
| Investment income, net | - | - | 364,078 | - | - | 364,078 |
| Single ticket sales and tour fees | 261,061 | - | - | - | - | 261,061 |
| Guild special events | - | - | - | 232,022 | - | 232,022 |
| Grants from governmental agencies | 184,600 | - | - | - | - | 184,600 |
| Rental income | 180,608 | - | - | - | - | 180,608 |
| Fundraising revenue | 21,575 | - | - | - | - | 21,575 |
| Other income | 10,737 | - | - | 1,049 | - | 11,786 |
| Membership dues | - | - | - | 4,835 | - | 4,835 |
| Interest income | 94 | - | - | - | - | 94 |
| Other contributions | 286,625 | - | - | - | (286,625) | - |
| Total Support and Revenue | 2,065,007 | - | 364,078 | 237,906 | (286,625) | 2,380,366 |
| Expenses: | | | | | | |
| Production | 797,370 | - | - | - | - | 797,370 |
| Administrative | 609,164 | - | - | - | - | 609,164 |
| Subcontract labor | 316,939 | - | - | - | - | 316,939 |
| Building expenses | 95,767 | 206,397 | - | - | - | 302,164 |
| Special events | - | - | - | 102,654 | - | 102,654 |
| Marketing | 59,480 | - | - | - | - | 59,480 |
| Development and fundraising | 34,171 | - | - | - | - | 34,171 |
| Public relations | 34,089 | - | - | - | - | 34,089 |
| Other | - | - | 20,115 | 12,104 | - | 32,219 |
| Contributions | - | - | 169,600 | 117,025 | (286,625) | - |
| Total Expenses | 1,946,980 | 206,397 | 189,715 | 231,783 | (286,625) | 2,288,250 |
| Change in Net Assets | \$ 118,027 | \$ (206,397) | \$ 174,363 | \$ 6,123 | \$ - | \$ 92,116 |