NASHVILLE OPERA ASSOCIATION AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION,
AND COMPLIANCE REPORTS

As of and for the Years Ended July 31, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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NASHVILLE OPERA ASSOCIATION AND AFFILIATES
ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

BOARD OF DIRECTORS

Cheryl Carr .... President of the Board
Rick Ewing..Secretary
James Powell ....Treasurer
Nathan Green .... Immediate Past President

EXECUTIVE STAFF

John Hoomes ....Chief Executive Officer and Artistic Director
Lee Carroll .... Chief Development Officer
Tammy Joseph .... Director of Finance & Administration

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nashville Opera Association and Affiliates (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of July 31, 2022 and 2021 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of July 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

The Roster of Board of Directors and Executive Staff, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
February 20, 2023

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,309,919	$ 1,196,656
Contributions and grants receivable	1,412,033	74,210
Prepaid expenses and other	81,495	11,237
Total Current Assets	2,803,447	1,282,103
Investments	5,026,586	5,536,100
Noncurrent contributions and grants receivable, net of discount	-	41,054
Land, building, and equipment, net	4,830,696	4,948,722
Total Assets	$ 12,660,729	$ 11,807,979
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 29,796	$ 56,676
Unearned revenue	135,187	157,595
Deferred grant revenue	-	147,900
Total Current Liabilities	164,983	362,171
Net Assets:		
Without Donor Restrictions:		
Undesignated	7,852,377	6,253,442
Board-designated endowments	3,703,756	4,213,166
Total Without Donor Restrictions	11,556,133	10,466,608
With donor restrictions	939,613	979,200
Total Net Assets	12,495,746	11,445,808
Total Liabilities and Net Assets	$ 12,660,729	$ 11,807,979

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

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions from individuals	$ 689,100	$ 21,993	$ 711,093
Contributions from corporations and foundations	696,790	-	696,790
In-kind contributions	26,711	-	26,711
Single ticket sales and tour fees	255,254	-	255,254
Guild special events	287,700	-	287,700
Grants from governmental agencies	1,718,474	-	1,718,474
Grants - Employee Retention Credits	248,945	-	248,945
Grants - Paycheck Protection Program	147,900	-	147,900
Rental income	322,787	-	322,787
Fundraising revenue	22,050	-	22,050
Other income	9,421	-	9,421
Membership dues	9,060	-	9,060
Investment return, net	(484,967)	-	(484,967)
Net assets released from restrictions	61,580	(61,580)	-
Total Support and Revenue	4,010,805	(39,587)	3,971,218
Expenses:			
Production	956,597	-	956,597
Administrative	780,137	-	780,137
Subcontract labor	500,697	-	500,697
Building expenses	371,962	-	371,962
Special events	122,962	-	122,962
Marketing	92,645	-	92,645
Development and fundraising	34,155	-	34,155
Public relations	27,407	-	27,407
Other	34,718	-	34,718
Total Expenses	2,921,280	-	2,921,280
Change in Net Assets	$ 1,089,525	$ (39,587)	$ 1,049,938

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

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	707,954	-	707,954
In-kind contributions	19,025	-	19,025
Investment return, net	916,773	-	916,773
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	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
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

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

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

YEARS ENDED JULY 31, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	Total
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	10,466,608	979,200	11,445,808
Change in net assets	1,089,525	(39,587)	1,049,938
Net assets, July 31, 2022	$ 11,556,133	$ 939,613	$ 12,495,746

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, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 361,196	$ 324,520	$ 161,660	$ 847,376
Production subcontract labor	484,437	-	-	484,437
Production expense	416,171	-	-	416,171
Depreciation and amortization	169,483	54,978	-	224,461
Building expense	148,978	89,762	-	238,740
Miscellaneous (including in-kind of $7,654)	30,059	89,446	16,826	136,331
Fundraising events	-	-	133,677	133,677
Employee benefits	16,979	40,969	18,249	76,197
Payroll taxes	23,220	32,139	9,307	64,666
Utilities	40,609	13,472	-	54,081
Marketing	-	40,777		40,777
Legal and professional	-	30,140	-	30,140
Printing and publications (including in-kind of $4,057)	-	26,316	2,802	29,118
Telephone	18,274	5,664	-	23,938
Insurance	-	22,418	-	22,418
Equipment maintenance (including in-kind of $15,000)	-	17,930	-	17,930
Public relations	-	17,668	-	17,668
Bank fees	-	16,433	-	16,433
Postage	-	14,096	1,986	16,082
Dues and subscriptions	6,500	3,042	-	9,542
Pension	4,058	2,504	2,433	8,995
Supplies	-	4,575	1,826	6,401
Conferences	-	5,701	-	5,701
Total Expenses	$ 1,719,964	$ 852,550	$ 348,766	$ 2,921,280

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, 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
Miscellaneous (including in-kind of $4,025)	9,356	139,389	13,880	162,625
Fundraising events	-	-	44,402	44,402
Employee benefits	15,835	38,371	17,891	72,097
Payroll taxes	19,473	27,816	9,124	56,413
Utilities	37,609	12,355	-	49,964
Marketing	-	21,972	-	21,972
Legal and professional	-	34,428	-	34,428
Printing and publications	-	13,457	758	14,215
Telephone	14,864	5,109	-	19,973
Insurance	-	32,144	-	32,144
Equipment maintenance (including in-kind of $15,000)	-	19,017	-	19,017
Public relations	-	8,893	-	8,893
Bank fees	-	15,422	-	15,422
Postage	-	3,271	406	3,677
Dues and subscriptions	6,500	2,827	-	9,327
Pension	4,903	4,706	2,385	11,994
Supplies	-	3,704	2,592	6,296
Conferences	-	2,081	-	2,081
Total Expenses	$ 989,227	$ 732,108	$ 210,712	$ 1,932,047

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 1,049,938	$ 1,017,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	224,461	205,870
Net realized and unrealized loss (gain) on investments	716,655	(786,378)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(1,337,823)	48,433
Prepaid expenses and other	(70,258)	18,034
Accounts payable and accrued expenses	(26,880)	42,954
Unearned revenue	(22,408)	(94,587)
Deferred grant revenue	(147,900)	13,100
Net cash flows from operating activities	385,785	464,910
Cash flows from investing activities:		
Purchases of building and equipment	(106,435)	(55,790)
Purchases of investments, net	(207,141)	(107,183)
Net cash flows from investing activities	(313,576)	(162,973)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	41,054	100,000
Net cash flows from financing activities	41,054	100,000
Net change in cash and cash equivalents	113,263	401,937
Cash and cash equivalents, beginning of year	1,196,656	794,719
Cash and cash equivalents, end of year	$ 1,309,919	$ 1,196,656

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

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. During fiscal 2022, the Guild informally changed its name to the Friends of Nashville Opera.

The Organization 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.

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

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 – Contributions receivable 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 is recorded at their net realizable value. Contributions receivable due in subsequent years is reflected as noncurrent contributions receivable and is 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, 2022 and 2021 and, accordingly, no allowance for uncollectible contributions receivable has been provided at July 31, 2022 or 2021.

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.

Contributions – Unconditional contributions, including unconditional promises to give, are recognized when received as with donor restriction or without donor restriction depending on the existence and/or nature of any donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. 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.

Grants – A portion of the Organization's revenue is derived from cost-reimbursable governmental contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

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

Support and Revenue – The Organization receives revenue as ticket sale proceeds for its performances and rental income from the use of its facilities. 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. See Note 2 for additional information.

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 $26,711 and $19,025 in fiscal 2022 and 2021, respectively. Generally, the Organization has recognized the contribution of professional services and supplies at market value. Such items have been maintained for use of the Organization. There have been no donor restrictions placed on such contributions.

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. 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 $12,171 and $5,625 for fiscal years 2022 and 2021, 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.

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

New Accounting Pronouncements – In September 2020, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard was adopted during the year ended July 31, 2022 and had an immaterial effect on the Organization's consolidated financial statements upon adoption.

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 consolidated 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 February 20, 2023, when these consolidated financial statements were available to be issued.

Note 2—Revenue recognition

The Organization follows FASB ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606") which stipulates that revenue is recognized when the Organization performs services for a customer in an amount that reflects consideration that is expected to be received for those services. Under Topic 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 Topic 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; and
- Recognition of revenue when or as the Organization satisfies a performance obligation.

Note 2—Revenue recognition (continued)

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 Topic 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.

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 statements of activities.

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 $135,187 and $157,595 as of July 31, 2022 and 2021, 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, 2022:

	Ticket Sales	Rental Income	Total
Unearned revenue, beginning of year	$ -	$ 157,595	$ 157,595
Revenue recognized that was included in unearned revenue at beginning of year	-	(157,595)	(157,595)
Amounts refunded to customers	-	(5,450)	(5,450)
Increase in unearned revenue due to cash received during the year	52,656	87,981	140,637
Unearned revenue, end of year	$ 52,656	$ 82,531	$ 135,187

Note 2—Revenue recognition (continued)

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 recognized 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

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 restrictions or other restrictions limiting their use within one year of the statement of financial position comprise the following at July 31:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 1,309,919	$ 1,196,656
Contributions and grants receivable	1,412,033	74,210
Investments	5,026,586	5,536,100
Total financial assets	7,748,538	6,806,966
Less amounts not available to be used for general expenditures within one year:		
Assets subject to board designation for endowment	3,703,756	4,213,166
Assets subject to restrictions	939,613	979,200
Financial assets available to meet cash needs for general expenditures within one year	$ 3,105,169	$ 1,614,600

As described in Note 9, the Organization also has a line of credit that is available for general operating needs. Board-designated endowment of $3,703,756 and $4,213,166 at July 31, 2022 and 2021, 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 years, 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, 2022 and 2021, investments were managed by two investment companies with account balances totaling $5,026,586 and $5,536,100, respectively. Investments 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.

Note 5—Contributions and grants receivable

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

	2022	2021
Receivable in less than one year	$ 1,412,033	$ 74,210
Receivable in one to five years	-	50,000
Total contributions receivable	1,412,033	124,210
Less discounts to net present value (2% to 5%)	-	(8,946)
Net contributions and grants receivable	$ 1,412,033	$ 115,264

At July 31, 2022, approximately 93% of contributions and grants receivable consists of amounts due from two grantors, while at July 31, 2021, approximately 79% of contributions and grants receivable consists of amounts due from one donor.

For the year ended July 31, 2022 approximately 39% of contributions and grants revenue came from two grantors. For the year ended July 31, 2021, approximately 19% of contributions and grants revenue came from one donor.

Note 6—Investments

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

	2022	2021
Mutual funds	$ 4,011,022	$ 4,783,025
Money market	1,015,564	753,075
	$ 5,026,586	$ 5,536,100

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.

The following table sets forth by level, the investments at fair value as of July 31, 2022:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,015,564	$ -	$ -	$ 1,015,564
Mutual funds:				
Bond funds - fixed income	777,232	-	-	777,232
Bond funds - intermediate term	705,194	-	-	705,194
Common stock funds - growth funds	559,391	-	-	559,391
Common stock funds - value funds	1,007,693	-	-	1,007,693
Common stock funds - blend funds	961,512	-	-	961,512
Total mutual funds	4,011,022	-	-	4,011,022
Total investments	$ 5,026,586	$ -	$ -	$ 5,026,586

The following table sets forth by level, 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
Total investments	$ 5,536,100	$ -	$ -	$ 5,536,100

Note 8—Land, building, and equipment

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

	2022	2021
Building, land, and land improvements	$ 623,400	$ 623,400
Building improvements	6,537,211	6,537,211
Furniture and equipment	838,851	785,240
Production scenery	113,717	113,717
Vehicles	97,137	44,313
	8,210,316	8,103,881
Accumulated depreciation and amortization	(3,379,620)	(3,155,159)
	$ 4,830,696	$ 4,948,722

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 at July 31, 2022 and 2021 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. Borrowings are due on demand. The line of credit requires monthly interest payments computed at the bank's prime rate (5.5% at July 31, 2022). The line of credit is secured by first priority blanket lien on the Organization's assets. As of July 31, 2022 and 2021, there were no borrowings outstanding under this arrangement.

Note 10—Government grant revenue

During the year ended July 31, 2020, the Organization received a Paycheck Protection Program ("PPP") loan 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 Accounting Standards Codification ("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 had not yet been substantially met; however, during the year ended July 31, 2022, the Organization's lender provided notification that the SBA has approved the loan forgiveness application. The Organization recognized grant revenue in the amount of $147,900 for the year ended July 31, 2022 upon notification of forgiveness.

Note 10—Government grant revenue (continued)

During fiscal 2022, the Organization was awarded a federal grant of $2,059,615 to assist in executing its programs during the period from July 1, 2021 through December 31, 2024. This cost reimbursement grant will be administered by the state of Tennessee. During the year ended July 31, 2022, the Organization recognized $1,141,150 under this arrangement, which is included along with grants from governmental agencies revenue reflected on the consolidated statement of activities and in contributions and grants receivable in the consolidated statement of financial position as of July 31, 2022.

In addition, the Organization applied for and received a Shuttered Venue Operators Grant ("SVOG") from the SBA in the amount of $345,532. The SVOG funding is considered to be a conditional contribution under ASC 958-605, *Not-for Profit Entities – Revenue Recognition*. The grant must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to use the proceeds on certain allowable payroll and employee benefits, and other qualifying expenses such as utilities. The Organization recognized grant revenue for the full amount of $345,532 for the year ended July 31, 2022, because the conditions for forgiveness had been substantially met at July 31, 2022. The SVOG funding is included with grants from governmental agencies revenue on the consolidated statement of activities.

The CARES Act contains the Employee Retention Credit ("ERC"), a refundable payroll tax credit available to employers that have experienced hardship in their operations due to the coronavirus ("COVID-19") outbreak. The Organization qualified for $248,945 of ERC for various periods during calendar 2020 and 2021. The Organization selected ASC 958-605 as the applicable standard for accounting for ERC. Such amounts are included in grants revenue in the accompanying 2022 consolidated statement of activities. Of that amount, $165,206 has not yet been received and is included in contributions and grants receivable on the statement of financial position at July 31, 2022.

Note 11—Restrictions on net assets

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

	2022	2021
Net assets with donor restrictions - operations:		
Promises to give outstanding	$ 25,677	$ 24,210
	25,677	24,210
Net assets with donor restrictions - capital:		
Promises to give for building acquisition, renovation, and maintenance	50,000	91,054
Endowment fund for building renovation and maintenance	95,655	95,655
	145,655	186,709
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
	768,281	768,281
Total net assets with donor restrictions	$ 939,613	$ 979,200

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 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 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 restrictions for the Fund for Artistic Excellence, Anniversary Campaign from contributions receivable, general endowment fund, and certain building maintenance funds.

Endowment net asset composition by type of fund as of July 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
General endowment fund	$ 467,351	$ 768,281	$ 1,235,632
Unrestricted Fund for Artistic Excellence	654,045	-	654,045
Anniversary Campaign	2,490,188	-	2,490,188
Building maintenance funds	92,172	95,655	187,827
	$ 3,703,756	$ 863,936	$ 4,567,692

Changes in endowment net assets for the fiscal year ended July 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,213,166	$ 863,936	$ 5,077,102
Investment income, net	207,245	-	207,245
Net depreciation	(716,655)	-	(716,655)
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 3,703,756	$ 863,936	$ 4,567,692

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
	$ 4,213,166	$ 863,936	$ 5,077,102

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	$ 4,213,166	$ 863,936	$ 5,077,102

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 restrictions. Those funds without donor restrictions include the Fund for Artistic Excellence and the Anniversary Campaign, which are 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.

Note 12—Endowment fund (continued)

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 years ended July 31, 2022 or 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.

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 $8,995 and $11,994 for the years ended July 31, 2022 and 2021, respectively.

Note 15—Operating lease commitment

During fiscal years 2022 and 2021, the Organization maintained a lease agreement for certain warehouse space accounted for as an operating lease. Rent expense for the years ended July 31, 2022 and 2021 was $48,744 and $47,304, respectively, and is included in production expenses on the consolidated statements of activities.

During fiscal 2022, the Organization made certain prepayments of rent required under this agreement through October 2023. As such, future minimum lease payments are as follows as of July 31, 2022:

Years Ending July 31,	
2023	$ -
2024	38,880
2025	39,600
	$ 78,480

Note 16—Subsequent events

Subsequent to July 31, 2022, the Organization received $1,141,150 due under the state of Tennessee cost reimbursement grant discussed in Note 10.

Further, the Organization received an additional $106,872 of the amounts due under the Employee Retention Credit discussed in Note 10.

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, 2022 and 2021, and our report thereon dated February 20, 2023, 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 25 and 26 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 audits 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.

Cherry Bekaert LLP

Nashville, Tennessee
February 20, 2023

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2022

	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	$ 711,093	$ -	$ -	$ -	$ -	$ 711,093
Contributions from corporations and foundations	696,790	-	-	-	-	696,790
In-kind contributions	26,711	-	-	-	-	26,711
Single ticket sales and tour fees	255,254	-	-	-	-	255,254
Guild special events	-	-	-	287,700	-	287,700
Grants from governmental agencies	1,718,474	-	-	-	-	1,718,474
Grants - Employee Retention Credits	248,945	-	-	-	-	248,945
Grants - Paycheck Protection Program	147,900	-	-	-	-	147,900
Rental income	322,787	-	-	-	-	322,787
Fundraising revenue	22,050	-	-	-	-	22,050
Other income	9,421	-	-	-	-	9,421
Membership dues	-	-	-	9,060	-	9,060
Investment return, net	53	-	(485,020)	-	-	(484,967)
Other contributions	129,000	-	-	-	(129,000)	-
Total Support and Revenue	4,288,478	-	(485,020)	296,760	(129,000)	3,971,218
Expenses:						
Production	956,597	-	-	-	-	956,597
Administrative	780,137	-	-	-	-	780,137
Subcontract labor	500,697	-	-	-	-	500,697
Building expenses	150,245	221,717	-	-	-	371,962
Special events	-	-	-	122,962	-	122,962
Marketing	92,645	-	-	-	-	92,645
Development and fundraising	34,155	-	-	-	-	34,155
Public relations	27,407	-	-	-	-	27,407
Other	-	-	24,390	10,328	-	34,718
Contributions	-	-	-	129,000	(129,000)	-
Total Expenses	2,541,883	221,717	24,390	262,290	(129,000)	2,921,280
Change in Net Assets	$ 1,746,595	$ (221,717)	$ (509,410)	$ 34,470	$ -	$ 1,049,938

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	707,954	-	-	-	-	707,954
In-kind contributions	19,025	-	-	-	-	19,025
Investment return, net	196	-	916,577	-	-	916,773
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	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
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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JULY 31, 2022

Federal Grantor Pass-Through Grantor	Program Name	Federal Assistance Listing Number	Pass Through Grantor Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Treasury				
passed through State of Tennessee				
Tennessee Arts Commission	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	31625-15717	$ 1,141,150
National Foundation on the Arts & Humanities				
passed through State of Tennessee				
Tennessee Arts Commission	Promotion of the Arts Partnership Agreements	45.025	31625-12290	59,500
National Foundation on the Arts & Humanities				
passed through National Endowment for the Arts	COVID-19 Promotion of the Arts Grants to Organizations and Individuals	45.024	n/a	30,000
U.S. Department of Commerce				
Small Business Administration	COVID-19 Shuttered Venue Operators Program	59.075	n/a	345,532
	Total Federal Awards			**1,576,182**
STATE FINANCIAL ASSISTANCE				
National Foundation on the Arts & Humanities				
passed through State of Tennessee				
Tennessee Arts Commission	Promotion of the Arts Partnership Agreements	45.025	31625-12290	23,000
	Total State Financial Assistance			**23,000**
	Total Federal Awards and State Financial Assistance			**$ 1,599,182**

Note 1—Basis of accounting

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the award activity of the Nashville Opera Association and Affiliates (collectively, the “Organization”) under programs of the federal government for the year ended July 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are listed as to reimbursement.

Note 2—Indirect cost allocation

The Organization did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3—Subrecipients

The Organization did not have expenditures to subrecipients during the fiscal year.

Note 4—Noncash awards

The Organization did not receive noncash federal awards during the year ended July 31, 2022.

Note 5—Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Nashville Opera Association and Affiliates (collectively, the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of July 31, 2022, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
February 20, 2023

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nashville Opera Association and Affiliates' (collectively, the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended July 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nashville Opera Association and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
February 20, 2023

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2022

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with U.S. GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ Yes __x__ No
Significant deficiency(ies) identified	____ Yes __x__ None Reported
Noncompliance material to financial statements noted	____ Yes __x__ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ Yes __x__ No
Significant deficiency(ies) identified	____ Yes __x__ None Reported
Type of auditor's report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes __x__ No

Identification of Major Program

Name of Federal Program or Cluster	Assistance Listing Number(s)
Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

Section II—Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III—Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with *Government Auditing Standards*.

NASHVILLE OPERA ASSOCIATION AND AFFILIATES
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JULY 31, 2022

There were no prior findings reported.