

# Portland Opera Association, Inc. and Subsidiary

## CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2014 and 2013



bishopfrench

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**

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P.O. Box 82640  
Portland, Oregon 97282  
503.206.8474  
bishopfrench.com

## Independent Auditor's Report

To the Board of Directors  
Portland Opera Association, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Portland Opera Association, Inc. and Subsidiary (the Association), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Portland Opera Association, Inc. and Subsidiary as of June 30, 2014 and 2013, 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.

Bishop French LLC

Portland, Oregon  
September 1, 2014

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
June 30,

<b>ASSETS</b>	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 461,720	\$ 375,047
Receivables, net:		
Trade	297,719	174,658
Contributions receivable	2,202,107	1,670,625
Endowment distributions receivable	524,368	281,272
Prepaid expenses and supplies	388,193	151,082
Deferred charges	288,790	285,391
Total Current Assets	4,162,897	2,938,075
Noncurrent Assets:		
Deferred charges	75,451	83,085
Contributions receivable	320,587	385,748
Intangible asset	172,225	172,225
Fixed assets, net	5,192,833	5,325,315
Total Noncurrent Assets	5,761,096	5,966,373
Restricted Assets:		
Investments held by Portland Opera Association Endowment Fund	3,812,790	3,619,906
Equity in investment held by Oregon Community Foundation	5,031,663	4,573,687
Total Restricted Assets	8,844,453	8,193,593
	\$ 18,768,446	\$ 17,098,041

See notes to consolidated financial statements.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
June 30,

**LIABILITIES AND NET ASSETS**

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,083,138	\$ 750,645
Line of credit	2,000,000	1,600,000
Long-term debt, current portion	7,728	-
Deferred ticket revenue	1,432,194	1,146,491
Deferred revenue	<u>643,251</u>	<u>572,551</u>
Total Current Liabilities	<u>5,166,311</u>	<u>4,069,687</u>
Noncurrent Liabilities:		
Deferred revenue	-	23,218
Long-term debt	31,694	-
Long-term deposits refundable	<u>27,741</u>	<u>27,741</u>
Total Noncurrent Liabilities	<u>59,435</u>	<u>50,959</u>
Total Liabilities	<u>5,225,746</u>	<u>4,120,646</u>
Net Assets:		
Unrestricted	3,222,326	3,205,506
Restricted:		
Temporarily - time stipulations	1,132,922	1,355,296
Temporarily - endowments	2,838,750	2,679,966
Permanently – endowments held in perpetuity	<u>6,348,702</u>	<u>5,736,627</u>
Total Net Assets	<u>13,542,700</u>	<u>12,977,395</u>
	<u>\$ 18,768,446</u>	<u>\$ 17,098,041</u>

See notes to consolidated financial statements.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Consolidated Statement of Activities and Changes in Net Assets**  
June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue	\$ 3,205,767	\$ -	\$ -	\$ 3,205,767
Contributions and outside support	3,723,640	204,565	-	3,928,205
Net assets released from restriction, contributions	251,405	-	-	251,405
Net assets released from restriction, endowments	664,050	-	-	664,050
<b>Total Operating Income</b>	<b>7,844,862</b>	<b>204,565</b>	<b>-</b>	<b>8,049,427</b>
Production costs	4,397,528	-	-	4,397,528
Sales and customer service costs	1,432,517	-	-	1,432,517
General and administrative costs	1,998,085	-	-	1,998,085
Net assets released from restriction, contributions		251,405	-	251,405
Net assets released from restriction, endowments		379,230	284,820	664,050
<b>Total Operating Expenses</b>	<b>7,828,130</b>	<b>630,635</b>	<b>284,820</b>	<b>8,743,585</b>
Surplus (loss) from operations	16,732	(426,070)	(284,820)	(694,158)
Investment income	88	362,480	896,895	1,259,463
<b>Net Changes in Net Assets</b>	<b>16,820</b>	<b>(63,590)</b>	<b>612,075</b>	<b>565,305</b>
Net assets, beginning	3,205,506	4,035,262	5,736,627	12,977,395
Net assets, ending	<u>\$ 3,222,326</u>	<u>\$ 3,971,672</u>	<u>\$ 6,348,702</u>	<u>\$ 13,542,700</u>

See notes to consolidated financial statements.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Consolidated Statement of Activities and Changes in Net Assets**  
June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue	\$ 3,635,062	\$ -	\$ -	\$ 3,635,062
Contributions and outside support	3,280,610	249,485	-	3,530,095
Net assets released from restriction, contributions	236,090	-	-	236,090
Net assets released from restriction, endowments	465,790	-	-	465,790
<b>Total Operating Income</b>	<b>7,617,552</b>	<b>249,485</b>	<b>-</b>	<b>7,867,037</b>
Production costs	4,223,873	-	-	4,223,873
Sales and customer service costs	1,298,464	-	-	1,298,464
General and administrative costs	2,068,316	-	-	2,068,316
Net assets released from restriction, contributions		236,090	-	236,090
Net assets released from restriction, endowments		184,518	281,272	465,790
<b>Total Operating Expenses</b>	<b>7,590,653</b>	<b>420,608</b>	<b>281,272</b>	<b>8,292,533</b>
Surplus (loss) from operations	26,899	(171,123)	(281,272)	(425,496)
Investment income	109	196,846	531,341	728,296
<b>Net Changes in Net Assets</b>	<b>27,008</b>	<b>25,723</b>	<b>250,069</b>	<b>302,800</b>
Net assets, beginning	3,178,498	4,009,539	5,486,558	12,674,595
Net assets, ending	<b>\$ 3,205,506</b>	<b>\$ 4,035,262</b>	<b>\$ 5,736,627</b>	<b>\$ 12,977,395</b>

See notes to consolidated financial statements.



**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**  
Years Ended June 30,

	2014	2013
Cash Flows from Operating Activities:		
Net increase in net assets	\$ 565,305	\$ 302,800
Adjustments to reconcile net increase in net assets to net cash used in operating activities:		
Depreciation and amortization	236,589	262,570
Gain on disposal of asset	-	(105,040)
Gain in value of investments and endowments	(1,259,376)	(728,186)
Change in assets and liabilities:		
Trade receivables	(82,894)	257,481
Contributions receivable	(466,321)	(121,232)
Endowment distribution receivable	(243,094)	46,826
Prepaid expenses and supplies	(237,111)	(128,250)
Deferred charges	4,234	(51,964)
Accounts payable and accrued liabilities	292,325	(631,166)
Deferred ticket revenue	285,703	(109,763)
Deferred revenue	-	26,640
Other Liabilities	47,483	27,741
Net Cash Used In Operating Activities	<u>(857,157)</u>	<u>(951,543)</u>
Cash Flows from Investing Activities:		
Purchases of investments and endowments	(55,534)	(53,537)
Proceeds from sales of investments and endowments	664,050	465,788
Acquisitions of fixed assets	(104,108)	(18,334)
Disposal of fixed assets	-	102,222
Net Cash Provided by Investing Activities	<u>504,408</u>	<u>496,139</u>
Cash Flows from Financing Activities:		
Proceeds from long-term debt	40,604	-
Payments on long-term debt	(1,182)	(250,000)
Borrowings on line of credit	400,000	600,000
Net Cash Provided by Financing Activities	<u>439,422</u>	<u>350,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	86,673	(105,404)
Cash and Cash Equivalents, beginning	375,047	480,451
Cash and Cash Equivalents, ending	\$ 461,720	\$ 375,047

See notes to consolidated financial statements

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 1 - Organization**

The Portland Opera Association, Inc. (the "Association"), established in 1965, is a not-for-profit corporation, the purpose of which is to inspire, challenge and uplift its audiences by creating productions of high artistic quality that celebrate the beauty and breadth of opera.

The consolidated financial statements include the accounts of Portland Opera Association, Inc. and its wholly-owned subsidiary, Portland Theater Productions, Inc. All intercompany transactions and balances have been eliminated in the consolidation.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time. Donations whose restrictions are met within the reporting period are recorded as unrestricted net assets.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general purposes.

Program Services

Program services consist of the following:

Portland Opera Productions

Productions exist to inspire, challenge and uplift audiences by creating productions of highly artistic quality that celebrate the beauty and breadth of opera.

Community Programs

The Association shares opera through free concerts, previews, lectures, broadcasts and other community programs.

Resident Artist Program

This program assists with the development of new opera talent by providing residencies for early-career opera singers.

Portland Theatre Productions

Productions exist to sponsor, promote and present the performance of musical and dramatic theater for the audiences of the Portland metropolitan area.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

For purposes of the financial statements, the Association considers all liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

The Association maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

Trade and Contributions Receivable

Trade and contributions receivable which are expected to be received within one year are reported at net realizable value. Contributions that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and outside support revenue. The allowance for uncollectible trade and contributions receivable is the Association's best estimate of the amount of probable losses in its existing receivables. The Association determines the allowance based on historical write-off experience and current information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Association's management determined that no allowance is necessary at June 30, 2014 and 2013.

Deferred Charges

Deferred charges primarily represent costs incurred in advance related to the following season's productions. These costs are recognized as expenses in the season when the productions are performed.

Marketing and sales costs, except for costs associated with promotion of future productions, are recognized as expense when incurred. Deferred marketing and sales costs at June 30, 2014 and 2013 were \$120,049 and \$105,720, respectively.

Advertising costs expensed for the year ended June 30, 2014 and 2013 were \$280,661 and \$259,313, respectively.

Investments

The Association carries its investments at fair value on the consolidated statements of financial position. Accordingly, unrealized gains or losses are recorded for the change in the fair value of investments during the year, net of investment administrative fees, and are included in the consolidated statements of activities and changes in net assets.

Fixed Assets

Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at their estimated fair market value at the date of donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts, and any related gain or loss is recorded in the consolidated statements of activities and changes in net assets.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Depreciation is calculated on the straight-line method over the following estimated useful lives in years of the related assets:

Land	-
Construction in progress	-
Building and building improvements	15-40
Office equipment, furniture and fixtures	5
Computer equipment and software	3
Vehicles	5

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Intangible Assets

Intangible assets acquired which have indefinite lives are not subject to amortization. The Association tests these assets for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, based on cash flows and other market valuation methods.

Income Taxes

Portland Opera Association, Inc. and Portland Theater Productions, Inc. have been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Portland Opera Association, Inc. and Portland Theater Productions, Inc. are operated in a manner that continues to qualify them for tax-exempt status. In any year in which either Portland Opera Association, Inc. or Portland Theater Productions, Inc. has unrelated business income of \$1,000 or more, before related expenses, it must file Form 990-T with the Internal Revenue Service and may pay tax on such income.

Revenue Recognition

Ticket sales collected for next fiscal year's productions and sponsorship revenues relating to a specific production are deferred and recognized as income in the period in which the related productions are performed. Rental and other income collected in advance for the next fiscal year's rental of the Association's sets and costumes by third parties is recorded as deferred revenue until the initiation of the rental period.

Rental income collected from the sublease of the second floor of the Association's building is recognized as earned. Deferred revenue related to the temporary and permanent construction easements discussed in Note 9 will be recognized as earned over the term of the agreement.

Broadway presentation revenues consist of the Association's share of income under a joint agreement with a partner to cooperate in the presentation of Broadway shows. Revenue is deferred and recognized as income in the period in which the presentations are performed.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

In-Kind Donations

In-kind donations are recorded as contributions at their estimated fair market value at the time of donation with a corresponding charge to expense or fixed assets as appropriate. Such donations are reported as unrestricted support unless the donor has restricted the donation to a specific purpose. Major in-kind donations were as follows as of June 30:

	2014	2013
Lodging	\$ 17,847	\$ 29,642
Professional and other	226,599	141,288
Parking	19,003	20,675
	<u>\$ 263,449</u>	<u>\$ 191,605</u>

The Association recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, a substantial number of unpaid volunteers have made significant contributions of their time to the programs and fund raising efforts of the Association. The value of this contributed time is not reflected in the consolidated financial statements.

The Association received \$30,000 for marketing research services in which a member of the board of directors is the owner of the Company. The Association recorded the \$30,000 as in-kind revenue within Contributions and Outside Support, and the expense was recorded in Sales and Customer Service costs.

Contributions

Unconditional promises to give are recognized as assets and either unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Association records contributions to be received in future periods as temporarily restricted contributions unless explicit donor stipulations or circumstances make clear that the donor intended to support activities of the current period. If a donor-imposed restriction has been met in the same reporting period in which the contribution was received, the contribution is reported as unrestricted support.

Fair Value of Financial Instruments

The carrying value of the Association's cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate market value as of June 30, 2014 and 2013 due to the short-term nature of the instruments.

Stage Settings and Costumes

The Association designs and builds stage sets and makes costumes for certain productions. The cost of such sets and costumes are expensed to the production for which they are designed in the period the production is performed. Part of these sets and costumes may be used in future productions or rented to other opera companies.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts on consolidated financial statements and footnotes. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

**Note 3 – Contributions Receivable**

Unconditional promises to give included as contributions receivable are as follows at June 30<sup>th</sup>:

	2014	2013
Annual fund	\$ 11,775	\$ 46,817
Sponsorships	25,000	77,500
Government and educational grants	22,424	15,000
Major gifts and bequests	1,081,961	465,575
Endowment	1,413,447	1,466,481
Building and special projects	50,000	80,002
	<hr/>	<hr/>
Total	2,604,607	2,151,375
	<hr/>	<hr/>
Less discounts to net present value	(81,913)	(95,002)
	<hr/>	<hr/>
Net contributions receivable	2,522,694	2,056,373
	<hr/>	<hr/>
Receivable in less than 1 year	2,202,107	1,670,625
Receivable in 1 to 5 years	242,500	280,750
Receivable in more than 5 years	160,000	200,000
	<hr/>	<hr/>
	\$ 2,604,607	\$ 2,151,375
	<hr/> <hr/>	<hr/> <hr/>

Unconditional promises to give that are included in contributions receivable which are expected to be collected after one year are discounted at 3%.

As of June 30, 2014 and 2013, contributions receivable consist of \$1,038,927 and \$1,058,923, respectively, relating to pledges and contributions from members of the Association's employees and Board of Directors. Contributions from the Association's employees and Board of Directors consist of \$281,872 and \$218,523 during the years ending June 30, 2014 and 2013, respectively, and are included in contributions and outside support income.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 4 – Investments**

Investments are stated at fair value based on a framework that provides a fair value hierarchy prioritizing the inputs to valuation techniques used to measure fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurements are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table sets forth carrying amounts and estimated fair values for financial instruments at June 30, 2014:

	Level I	Level II	Level III	Total
Equity funds	\$ 2,642,533	\$ -	\$ -	\$ 2,642,533
Fixed income funds	886,182	-	-	886,182
Money market and cash funds	51,565	-	-	51,565
Other alternative assets	232,510	-	-	232,510
Pooled funds at OCF	-	-	5,031,663	5,031,663
Total investments	<u>\$ 3,812,790</u>	<u>\$ -</u>	<u>\$ 5,031,663</u>	<u>\$ 8,844,453</u>

The following table sets forth carrying amounts and estimated fair values for financial instruments at June 30, 2013:

	Level I	Level II	Level III	Total
Equity funds	\$ 2,606,396	\$ -	\$ -	\$ 2,606,396
Fixed income funds	777,432	-	-	777,432
Money market and cash funds	236,078	-	-	236,078
Pooled funds at OCF	-	-	4,573,687	4,573,687
Total investments	<u>\$ 3,619,906</u>	<u>\$ -</u>	<u>\$ 4,573,687</u>	<u>\$ 8,193,593</u>

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 4 - Investments (Continued)**

At June 30, the change in investments classified as Level III is as follows:

	2014	2013
Beginning balance	\$ 4,573,687	\$ 4,407,031
Gain	742,796	447,928
Distribution	(284,820)	(281,272)
	<u>\$ 5,031,663</u>	<u>\$ 4,573,687</u>
Unrealized gain	\$ 534,374	\$ 337,561

The Level III investment is a component fund which is valued based on the market value of the Oregon Community Foundation fund and the Association's portion of the fund balance.

Unrealized gain (loss) is the amount of gains (losses) for the period included in income attributable to change in unrealized gains (losses) relating to investments still held at the reporting date. Realized and unrealized gains (losses) are reflected in investment income in the consolidated statement of activities and changes in net assets.

**Note 5 - Fixed Assets**

Cost and accumulated depreciation of fixed assets consist of the following at June 30:

	2014	2013
Land	\$ 1,326,153	\$ 1,326,153
Construction in progress	-	10,284
Building and building improvements	5,895,511	5,804,123
Office equipment, furniture and fixtures	1,163,528	1,163,528
Computer equipment and software	829,265	824,361
Vehicles	52,898	34,798
	<u>                    </u>	<u>                    </u>
Less accumulated depreciation and amortization	(4,074,522)	(3,837,932)
	<u>\$ 5,192,833</u>	<u>\$ 5,325,315</u>

**Note 6 - Intangible Assets**

As of June 30, 2014, the Association has \$172,225 of System Development Credits (SDCs) received on August 29, 2012 in exchange for easements and acquisitions related to the permanent relocation of Water Avenue. There is no related amortization expense due to the nature of the asset as of June 30, 2014.



**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 7 - Line of Credit and Long-Term Debt**

Line of Credit

As of June 30, 2014, the Association has a \$2,500,000 revolving line of credit available. Outstanding borrowings at June 30, 2014 are \$2,000,000. The agreement is secured by the general assets of the Association and expires November 30, 2014. The interest rate on this line of credit is subject to change from time to time based on changes in an independent index which is the U.S. Prime Rate as published in The Wall Street Journal. The Index at the time the line of credit was signed was 3.25% per annum. The rate was 3.25% at June 30, 2014.

As of June 30, 2013, The Association had a \$2,500,000 revolving line of credit available. Outstanding borrowings at June 30, 2013 were \$1,600,000. The agreement was secured by the general assets of the Association and expired November 30, 2013. The line bears interest at the lender's prime rate minus 1.00%, with a floor rate of 3.50%. The rate was 3.50% at June 30, 2013.

Long-Term Debt

The Association obtained notes payable to the City of Portland of \$40,604 during the year ended June 30, 2014. The balance is due April 2019. Interest rate was 5.50% at June 30, 2014. In September 2014, the interest was adjusted to 1.94%. The notes payable are secured by the real property of the Association.

**Note 8 - Commitments**

Operating Leases

The Association leases warehouse space as well as office equipment under various operating leases. Future payments required under these leases at June 30 are as follows:

2015	\$	115,289
2016	\$	116,539
2017	\$	106,663
2018	\$	109,173
Thereafter	\$	100,385

Total rent expense was \$90,010 and \$87,785 for the years ended June 30, 2014 and 2013, respectively.

Rental Income

The Association entered into an agreement to lease the second floor with the term beginning on July 1, 2013, through July 31, 2023. Future minimum rental income under the lease is as follows:

2015	\$	201,984
2016	\$	258,792
2017	\$	267,120
2018	\$	275,700
2019	\$	284,544
Thereafter	\$	1,259,709

The Association recognizes escalating rent provisions on a straight-line basis over the lease term. The rental income was \$270,470 and \$0 for the years ended June 30, 2014 and 2013, respectively.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 8 Commitments (Continued)**

On September 6, 2012, the Association received System Development Credits (SDCs) from the City of Portland in exchange for a temporary easement and acquisitions related to the permanent relocation of Water Avenue. The land sale totaled \$160,479, of which \$81,066 was a gain from the sale as of June 30, 2013 in the consolidated statements of activities. The temporary easement fee of \$11,746 was amortized into revenue over the period of the agreement. The full amount was recorded as income during the year ended June 30, 2013.

On October 31, 2012, the Association entered into an agreement to grant Tri-Met temporary construction easements, permanent easements, and sale of land, all of which were negotiated for cash payments. The Association received \$157,933 during November 2012. The land sales totaled \$102,224, of which \$73,249 was for the sale of land and \$28,973 was for the permanent easement, which resulted in \$16,230 as a gain from sale during the year ended June 30, 2013. The Association received \$55,711 for the temporary easement which will be amortized into revenue over the period of the agreement. The Association recognized \$27,852 and \$4,643 into income for the years ended June 30, 2014 and June 30, 2013, respectively.

**Note 9 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30<sup>th</sup>:

	2014	2013
Contributions and grants subject to use restrictions	\$ 147,480	\$ 146,897
Contributions and grants to be received in future	1,105,442	1,208,399
Contributions and grants for temporary endowment	2,903,750	2,679,966
	<u>\$ 4,156,672</u>	<u>\$ 4,035,262</u>

**Note 10 - Endowments**

In August 2008, the FASB issued a standard for endowments of not-for-profit organizations, which is effective for fiscal years ending after December 15, 2008. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. The standard requires additional disclosures about an organization's endowment funds (both donor restricted and board designated endowment funds), whether or not the organization is subject to UPMIFA. The Standard also requires classifying the portion of a donor restricted endowment that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure

The Association's endowments consist of two individual funds established for a variety of purposes. The Portland Opera Association Endowment includes donor restricted funds that are temporarily restricted and donor restricted funds that are permanently restricted by specific donor stipulations. A second fund, the Portland Opera Association Endowment Fund managed by the Oregon Community Foundation, includes only donor restricted funds that are permanently restricted. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 10 - Endowments (Continued)**

Portland Opera Association Endowment - Temporarily & Permanently Restricted Net Assets

On April 17, 1991, the Association established a restricted endowment fund for the benefit of the Association and any successor. The initial term of the trust agreement relating to the endowment will cease on June 30, 2016. Thereafter, the term of the endowment fund trust will automatically be extended for additional periods of twenty-five years unless the Board of Trustees in each of the two fiscal years preceding the expiration adopt resolutions providing for the modification or termination of the trust agreement. In addition certain funds have been permanently restricted due to donor stipulations. The funds are stated at fair value. Distributions from this fund are based upon a percentage of the aggregate fair value of cash and investments of the fund, unless not allowed by donor stipulations.

Portland Opera Association Endowment Fund Managed by the Oregon Community Foundation - Permanently Restricted Net Assets

The Association, together with the Portland Art Museum and Oregon Symphony Association, participated in a campaign to raise funds equally for all three organizations. The three organizations entered into an agreement in December 1980 providing for a joint operating endowment drive and establishing the Oregon Arts Heritage Endowment Fund. The Oregon Community Foundation ("OCF"), a not-for-profit corporation, was engaged to administer the endowment funds received. The initial term of the endowment ceased on May 31, 2008. On May 30, 2008, the Association exercised its option to withdraw its one-third interest in the endowment and reinvest it with OCF. The new Fund Agreement with OCF management has a term of five years. Annual distributions from this fund are based upon a percentage of the aggregate value of cash and investments of the fund, and the investment balance is stated at fair value.

Changes in endowment net assets as of June 30, 2014 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,679,966	\$ 5,736,627	\$ 8,416,593
Investment income, net of expenses of \$44,116	111,577	241,706	353,283
Contributions	55,534	-	55,534
Net appreciation (depreciation), net of expenses of \$12,580	370,903	655,189	1,026,092
Amounts appropriated for expenditure	(379,230)	(284,820)	(664,050)
Endowment net assets, end of year	<u>\$ 2,838,750</u>	<u>\$ 6,348,702</u>	<u>\$ 9,187,452</u>

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 10 - Endowments (Continued)**

Changes of endowment net assets as of June 30, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,494,101	\$ 5,486,558	\$ 7,980,659
Investment income, net of expenses of \$57,296	45,526	123,917	169,443
Contributions	53,536	-	53,536
Net appreciation (depreciation), net of expenses of \$12,473	271,321	407,424	678,745
Amounts appropriated for expenditure	(184,518)	(281,272)	(465,790)
Endowment net assets, end of year	<u>\$ 2,679,966</u>	<u>\$ 5,736,627</u>	<u>\$ 8,416,593</u>

Investment Return Objectives, Risk Parameters and Strategies

The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution.

Spending Policy

The Association has a policy of appropriating for distribution each year 5.00% of the Portland Opera Endowment Fund's average fair value for a period of thirteen quarters (unless prohibited by donor stipulations) and 6.00% of the average fair value for a period of thirteen quarters of the Portland Opera Association Permanent Endowment Fund managed by the Oregon Community Foundation. In establishing this policy, the Association considered the long-term expected return on its investment assets and the nature and duration of the individual endowment funds. The Association expects the current spending policy to allow its endowment funds to grow achieving a total rate of return over a five year period which equals or exceeds the spending rate, plus Consumer Price Index, plus 1.00% for growth and all calculated net of investment fees.

During the year ended June 30, 2014, the Board of Directors authorized a special distribution from the endowment fund of up to \$600,000 above the legal amount set by the state of Oregon for annual distributions. During the year ended June 30, 2014, \$185,000 of the authorized amount was distributed into operations. This distribution was deemed prudent by the Board of Directors for continued appropriations for certain programs of the Association.

**Note 11 - Education and Outreach**

The Association maintains an education and outreach program to provide school children with the opportunity to view and appreciate opera and musical theater. Revenues from performance fees are included in rental and other income. Contributions received to offset certain expenses of the program are included in contributions and sponsorships

**PORTLAND OPERA ASSOCIATION, INC AND SUBSIDIARY**  
**Notes to Consolidated Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 12 - Income Taxes**

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on income derived from unrelated business activities. Exemptions from the State of Oregon corporation excise tax are proved by Oregon Revised Statutes 317.080. For the year ended June 30, 2013, the Association received rental income that is considered unrelated business income and therefore, is subject to federal and state income taxes. Accordingly, a provision for income taxes has been recorded in the accompanying financial statements. The rental income consists of unrelated business income net of related building operational expenses.

The provisions for income taxes were as follows at June 30<sup>th</sup>:

	2014	2013
Federal	\$ -	\$ 2,409
State	-	655
	<u>\$ -</u>	<u>\$ 3,064</u>

The Association follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. These standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position would not be sustained if examined by a taxing authority. Management has determined that the Association has no uncertain tax positions as of June 30, 2014 and 2013. The Association's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations.

**Note 13 - Supplemental Cash Flow Disclosure**

Supplemental cash flow information for the year ended June 30<sup>th</sup> is as follows:

	2014	2013
Cash paid during the year for:		
Interest	\$ 51,089	\$ 40,594
Taxes	-	3,064
Non-cash transaction:		
Intangible Assets received	\$ -	\$ 172,225

**Note 14 - Subsequent Events**

The Association did not have any subsequent events through September 1, 2014, except as disclosed in Note 8, which is the date the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the consolidated financial statement for the year ended June 30, 2014.

**SUPPLEMENTAL INFORMATION**



P.O. Box 82640  
Portland, Oregon 97282  
503.206.8474  
bishopfrench.com

Report of Independent Certified Public Accountants

To the Board of Directors  
Portland Opera Association, Inc. and Subsidiary

Our report on our audits of the consolidated financial statements of Portland Opera Association, Inc. and Subsidiary for the years ended June 30, 2014 and 2013 appears on page three. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Bishop French LLC*

Portland, Oregon  
September 1, 2014

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**

**Consolidating Statements of Financial Position**

June 30, 2014

	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 231,401	\$ 230,319	\$ -	\$ 461,720
Receivables, net:				
Trade	38,415	9,556,639	(9,297,335)	297,719
Contributions receivable	2,202,107	-	-	2,202,107
Endowment distributions receivable	524,368	-	-	524,368
Prepaid expenses and supplies	384,540	3,653	-	388,193
Deferred charges	258,536	30,254	-	288,790
<b>Total Current Assets</b>	<b>3,639,367</b>	<b>9,820,865</b>	<b>(9,297,335)</b>	<b>4,162,897</b>
<b>Noncurrent Assets:</b>				
Deferred charges	75,451	-	-	75,451
Contributions receivable, net	320,587	-	-	320,587
Intangible Asset	172,225	-	-	172,225
Fixed Assets, net	5,192,833	-	-	5,192,833
Investment in subsidiary	8,860,497	-	(8,860,497)	-
<b>Total Noncurrent Assets</b>	<b>14,621,593</b>	<b>-</b>	<b>(8,860,497)</b>	<b>5,761,096</b>
<b>Restricted Assets:</b>				
Investments held by Portland Opera Association Endowment Fund	3,812,790	-	-	3,812,790
Equity in investments held by Oregon Community Foundation	5,031,663	-	-	5,031,663
<b>Total Restricted Assets</b>	<b>8,844,453</b>	<b>-</b>	<b>-</b>	<b>8,844,453</b>
	<b>\$ 27,105,413</b>	<b>\$ 9,820,865</b>	<b>\$ (18,157,832)</b>	<b>\$ 18,768,446</b>

See report of independent certified public accountants on supplemental information.



**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**

**Consolidating Statements of Financial Position**

June 30, 2014

	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 10,022,505	\$ 357,968	\$ (9,297,335)	\$ 1,083,138
Line of credit	2,000,000	-	-	2,000,000
Long-term debt	39,422	-	-	39,422
Deferred ticket revenue	1,432,194	-	-	1,432,194
Deferred revenue, current portion	40,850	602,401	-	643,251
<b>Total Current Liabilities</b>	<b>13,534,971</b>	<b>960,369</b>	<b>(9,297,335)</b>	<b>5,198,005</b>
Noncurrent Liabilities:				
Deferred revenue, long-term	-	-	-	-
Other Liabilities	27,741	-	-	27,741
<b>Total Noncurrent Liabilities</b>	<b>27,741</b>	<b>-</b>	<b>-</b>	<b>27,741</b>
<b>Total Liabilities</b>	<b>13,562,712</b>	<b>960,369</b>	<b>(9,297,335)</b>	<b>5,225,746</b>
Net Assets:				
Unrestricted	3,222,326	8,860,497	(8,860,497)	3,222,326
Restricted:				
Temporarily - time stipulations	1,132,922	-	-	1,132,922
Temporarily - endowments	2,838,750	-	-	2,838,750
Permanently - endowments held in perpetuity	6,348,702	-	-	6,348,702
<b>Total Net Assets</b>	<b>13,542,700</b>	<b>8,860,497</b>	<b>(8,860,497)</b>	<b>13,542,700</b>
	<b>\$ 27,105,412</b>	<b>\$ 9,820,866</b>	<b>\$ (18,157,832)</b>	<b>\$ 18,768,446</b>

See report of independent certified public accountants on supplemental information.

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**

**Consolidating Statements of Activities and Changes in Net Assets**

June 30, 2014

	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
Changes in Unrestricted Net Assets:				
Operating Income:				
Revenue:				
Ticket sales	\$ 1,790,734	\$ -	\$ -	\$ 1,790,734
Ticket handling revenue	122,975	228,052	-	351,027
Broadway presentations	-	406,316	-	406,316
Rental and other income	452,397	205,293	-	657,690
Total Revenue	<u>2,366,106</u>	<u>839,661</u>	<u>-</u>	<u>3,205,767</u>
Outside Support:				
Contributions and sponsorships Educational, governmental, and project grants	2,970,732	121,947	-	3,092,679
Special support	365,967	-	-	365,967
Special events, net	261,298	2,151	-	263,449
	<u>1,545</u>	<u>-</u>	<u>-</u>	<u>1,545</u>
Total Outside Support	<u>3,599,542</u>	<u>124,098</u>	<u>-</u>	<u>3,723,640</u>
Income from subsidiary	546,907	-	(546,907)	-
Restricted net assets				
released from restrictions - contributions	251,405	-	-	251,405
Restricted net assets				
released from restrictions - endowment	<u>664,050</u>	<u>-</u>	<u>-</u>	<u>664,050</u>
Total Operating Income	<u>7,428,010</u>	<u>963,759</u>	<u>(546,907)</u>	<u>7,844,862</u>
Operating expenses:				
Production costs:				
Performance	3,472,326	-	-	3,472,326
Production	503,570	33,754	-	537,324
Music, education, and outreach	387,878	-	-	387,878
Total Production Costs	<u>4,363,774</u>	<u>33,754</u>	<u>-</u>	<u>4,397,528</u>
Sales and customer service costs:				
Marketing and public relations	878,476	115,228	-	993,704
Ticketing and customer service	<u>271,288</u>	<u>167,525</u>	<u>-</u>	<u>438,813</u>
Total Sales and Customer Service Costs	<u>\$ 1,149,764</u>	<u>\$ 282,753</u>	<u>\$ -</u>	<u>\$ 1,432,517</u>

See report of independent certified public accountants on supplemental information.

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**  
**Consolidating Statements of Activities and Changes in Net Assets, continued**  
June 30, 2014

	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
General and administrative costs:				
Administrative	\$ 826,599	\$ 81,966	\$ -	\$ 908,565
Development	489,203	18,379	-	507,582
Interest	51,089	-	-	51,089
Building	294,258	-	-	294,258
Depreciation and amortization	236,591	-	-	236,591
Total General and Administrative Costs	<u>1,897,740</u>	<u>100,345</u>	<u>-</u>	<u>1,998,085</u>
Total Operating Expenses	<u>7,411,278</u>	<u>416,852</u>	<u>-</u>	<u>7,828,130</u>
Surplus from Operations	<u>16,732</u>	<u>546,907</u>	<u>(546,907)</u>	<u>16,732</u>
Investment Income	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>
Increase in Unrestricted Net Assets	<u>16,820</u>	<u>546,907</u>	<u>(546,907)</u>	<u>16,820</u>
Changes in temporarily restricted net assets:				
Contributions and outside support	204,565	-	-	204,565
Investment income, gains and losses	362,480	-	-	362,480
Net assets released from restriction-contributions	(251,405)	-	-	(251,405)
Net assets released from restriction-endowments	(379,230)	-	-	(379,230)
Increase in Temporarily Restricted Net Assets	<u>(63,590)</u>	<u>-</u>	<u>-</u>	<u>(63,590)</u>
Changes in permanently restricted net assets:				
Contributions and outside support	-	-	-	-
Investment income, gains, and losses	896,895	-	-	896,895
Net assets released from restriction-endowments	(284,820)	-	-	(284,820)
Increase in Permanently Restricted Net Assets	<u>612,075</u>	<u>-</u>	<u>-</u>	<u>612,075</u>
Net Increase in Net Assets	<u>\$ 565,305</u>	<u>\$ 546,907</u>	<u>\$ (546,907)</u>	<u>\$ 565,305</u>

See report of independent certified public accountants on supplemental information.

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**  
**Consolidated Statements of Activities and Changes in Net Assets (Detail)**

June 30,

	<u>2014</u>	<u>2013</u>
Change in Unrestricted Net Assets:		
Operating Income:		
Revenue:		
Ticket sales	\$ 1,790,734	\$ 2,042,316
Ticket handling revenue	351,027	203,992
Broadway presentations	406,316	463,383
Rental and other income	<u>657,690</u>	<u>925,371</u>
Total Revenue	<u>3,205,767</u>	<u>3,635,062</u>
Outside Support:		
Contributions and sponsorships	3,092,679	2,696,415
Educational, governmental, and project grants	365,967	388,941
Special support	263,449	191,605
Special events, net	<u>1,545</u>	<u>3,649</u>
Total Outside Support	<u>3,723,640</u>	<u>3,280,610</u>
Restricted net assets released from restrictions, contributions	251,405	236,090
Restricted net assets released from restrictions, endowment	<u>664,050</u>	<u>465,790</u>
Total Operating Income	<u>7,844,862</u>	<u>7,617,552</u>
Operating expenses:		
Production costs:		
Performance	3,472,326	3,225,065
Production	537,324	504,228
Music, education, and outreach	<u>387,878</u>	<u>494,580</u>
Total Production Costs	<u>4,397,528</u>	<u>4,223,873</u>
Sales and customer service costs:		
Marketing and public relations	993,704	847,539
Ticketing and customer service	<u>438,813</u>	<u>450,925</u>
Total Sales and Customer Service Costs	<u>\$ 1,432,517</u>	<u>\$ 1,298,464</u>

See report of independent certified public accountants on supplemental information.

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**  
**Consolidated Statements of Activities and Changes in Net Assets (Detail), Continued**  
June 30,

	<u>2014</u>	<u>2013</u>
General and administrative costs:		
Administrative	\$ 908,565	\$ 893,599
Development	507,582	637,339
Interest	51,089	40,594
Building	294,258	234,214
Depreciation and amortization	<u>236,591</u>	<u>262,570</u>
Total General and Administrative Costs	<u>1,998,085</u>	<u>2,068,316</u>
Total Operating Expenses	<u>7,828,130</u>	<u>7,590,653</u>
Income from Operations	<u>16,732</u>	<u>26,899</u>
Investment Income	<u>88</u>	<u>109</u>
Increase in Unrestricted Net Assets	<u>16,820</u>	<u>27,008</u>
Changes in temporarily restricted net assets:		
Contributions and outside support	204,565	249,485
Investment income, gains, and losses	362,480	196,846
Net assets released from restriction, contributions	(251,405)	(236,090)
Net assets released from restriction, endowment	<u>(379,230)</u>	<u>(184,518)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(63,590)</u>	<u>25,723</u>
Changes in permanently restricted net assets:		
Investment income, gains, and losses, net of distributions	896,895	531,341
Net assets released from restriction	<u>(284,820)</u>	<u>(281,272)</u>
Increase (Decrease) in Permanently Restricted Net Assets	<u>612,075</u>	<u>250,069</u>
Net Increase (Decrease) in Net Assets	<u>\$ 565,305</u>	<u>\$ 302,800</u>

See report of independent certified public accountants on supplemental information.

**PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY**  
**Consolidating Statements of Cash Flows**  
Year Ended June 30, 2014

	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
Cash Flows from Operating Activities:				
Net Increase in net assets:	\$ 565,305	\$ 546,906	\$ (546,906)	\$ 565,305
Adjustments to reconcile net increase in net assets to net cash used in operating activities:				
Depreciation and amortization	236,589	-	-	236,589
Gain in value of investments and endowments	(1,806,282)	-	546,906	(1,259,376)
Change in assets and liabilities:				
Trade receivables	(12,740)	(590,739)	520,585	(82,894)
Contributions receivable, net	(466,321)	-	-	(466,321)
Endowment distributions receivable, net	(243,094)	-	-	(243,094)
Prepaid expenses and supplies	(237,908)	797	-	(237,111)
Deferred charges	18,084	(13,850)	-	4,234
Accounts payable and accrued liabilities	804,221	8,689	(520,585)	292,325
Deferred ticket revenue	285,703	-	-	285,703
Deferred revenue	(28,656)	76,139	-	47,483
Net Cash Provided by (Used In) Operating Activities	<u>(885,099)</u>	<u>27,942</u>	<u>-</u>	<u>(857,157)</u>
Cash Flows from Investing Activities:				
Purchases of investments and endowments	(55,534)	-	-	(55,534)
Proceeds from sales of investments and endowments	664,050	-	-	664,050
Acquisitions of fixed assets	(104,108)	-	-	(104,108)
Net Cash Provided by Investing Activities	<u>504,408</u>	<u>-</u>	<u>-</u>	<u>504,408</u>
Cash Flows from Financing Activities:				
Proceeds from long-term debt	40,604	-	-	40,604
Payments on long-term debt	(1,182)	-	-	(1,182)
Net borrowings on line of credit	400,000	-	-	400,000
Net Cash Used in Financing Activities	<u>439,422</u>	<u>-</u>	<u>-</u>	<u>439,422</u>
Net Increase in Cash and Cash Equivalents	58,731	27,942	-	86,673
Cash and Cash Equivalents, beginning	172,670	202,377	-	375,047
Cash and Cash Equivalents, ending	<u>\$ 231,401</u>	<u>\$ 230,319</u>	<u>\$ -</u>	<u>\$ 461,720</u>
Cash Paid During the Year for Interest	\$ 51,089	\$ -	-	\$ 51,089

See report of independent certified public accountants on supplemental information.