

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the fiscal years ended September 30, 2019 and 2018

**PORTLAND
OPERA**

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY

Table of Contents

For the fiscal years ended September 30, 2019 and 2018

	PAGE
Report of the Treasurer	1
Report of the Independent Auditor	3
Financial Statements:	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities and Changes in Net Assets	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11
Supplementary Financial Information:	
Consolidating Statements of Financial Position	30
Consolidating Statements of Activities and Changes in Net Assets	32
Consolidating Statements of Activities and Changes in Net Assets (Detail)	35
Consolidating Statements of Cash Flows	36
Other Information:	
Governing Board and Management	38
Inquiries and Other Information	40

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY

Report of the Treasurer

For the fiscal years ended September 30, 2019 and 2018

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of the Portland Opera and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by the Opera's independent auditing firm of RICHARD WINKEL, CPA whose report follows. Their examinations were made in accordance with generally accepted auditing standards. The Finance Committee of the Board of Trustees meets periodically with management and the independent auditing firm to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the Opera's financial statements. The Finance Committee of the Board of Trustees also reviews the scope and results of the Opera's audit, and current and emerging accounting and financial requirements and practices affecting the Opera.

William Lockwood
Treasurer
Board of Trustees
Portland Opera Association

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Portland Opera Association, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Richard Winkel, CPA
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Beaverton, OR 97006

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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 September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 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.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The report of the treasurer and the other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Richard Winkel, CPA

January 6, 2020

FINANCIAL STATEMENTS

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
As of September 30, 2019 and 2018

		2019		
		Without donor restrictions	With donor restrictions	Total
Assets:				
Current:				
Cash and cash equivalents	Note 2	\$ 607,790	\$ -	\$ 607,790
Receivables - trade	Note 2	255,608	-	255,608
Receivables - contributions	Note 3	418,344	-	418,344
Prepaid expenses	Note 2	115,091	-	115,091
Deferred charges	Note 2	678,791	-	678,791
		<u>2,075,624</u>	<u>-</u>	<u>2,075,624</u>
Noncurrent:				
Receivables - contributions	Note 3	-	100,000	100,000
Deferred charges	Note 2	191,029	-	191,029
Intangible asset	Note 4	172,225	-	172,225
Capital assets, net of depreciation	Note 5	262,608	-	262,608
Investment in endowment	Note 6	3,518,981	4,311,880	7,830,861
Investment in real estate	Note 7	17,500,000	-	17,500,000
Beneficial interest in trusts	Note 8	-	2,167,421	2,167,421
		<u>21,644,843</u>	<u>6,579,301</u>	<u>28,224,144</u>
Total assets		<u>\$ 23,720,467</u>	<u>\$ 6,579,301</u>	<u>\$ 30,299,768</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities		1,594,498	\$ -	\$ 1,594,498
Due on line of credit	Note 9	987,000	-	987,000
Deferred ticket revenue	Note 2	2,461,170	-	2,461,170
Deferred contribution revenue		108,544	-	108,544
Long-term debt due in one year	Note 10	58,783	-	58,783
		<u>5,209,995</u>	<u>-</u>	<u>5,209,995</u>
Noncurrent:				
Deferred contribution revenue		-	100,000	100,000
Deposits refundable		27,741	-	27,741
Notes payable	Note 10	-	-	-
Due on long-term debt	Note 10	2,271,601	-	2,271,601
Less long-term debt due in one year	Note 10	(58,783)	-	(58,783)
		<u>2,240,559</u>	<u>100,000</u>	<u>2,340,559</u>
Total liabilities		<u>7,450,554</u>	<u>100,000</u>	<u>7,550,554</u>
Net Assets:				
Without donor restrictions:				
Available for programs and general operations	Note 11	1,765,906	-	1,765,906
Net investments in capital assets and real estate	Note 11	14,504,007	-	14,504,007
Total net assets without donor restrictions	Note 11	16,269,913	-	16,269,913
With donor restrictions	Note 11	-	6,479,301	6,479,301
Total net assets	Note 11	16,269,913	6,479,301	22,749,214
Total liabilities and net assets		<u>\$ 23,720,467</u>	<u>\$ 6,579,301</u>	<u>\$ 30,299,768</u>

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

2018		
Without donor restrictions	With donor restrictions	Total
\$ 229,980	\$ -	\$ 229,980
231,277	-	231,277
443,619	-	443,619
124,106	-	124,106
298,576	-	298,576
<u>1,327,558</u>	<u>-</u>	<u>1,327,558</u>
100,000	-	100,000
271,314	-	271,314
172,225	-	172,225
229,730	-	229,730
4,143,381	5,088,997	9,232,378
17,725,186	-	17,725,186
-	2,211,415	2,211,415
<u>22,641,836</u>	<u>7,300,412</u>	<u>29,942,248</u>
<u>\$ 23,969,394</u>	<u>\$ 7,300,412</u>	<u>\$ 31,269,806</u>
986,384	\$ -	\$ 986,384
585,000	-	585,000
1,879,406	-	1,879,406
132,501	-	132,501
61,637	-	61,637
<u>3,644,928</u>	<u>-</u>	<u>3,644,928</u>
-	-	-
27,741	-	27,741
5,171	-	5,171
2,328,068	-	2,328,068
(61,637)	-	(61,637)
<u>2,299,343</u>	<u>-</u>	<u>2,299,343</u>
<u>5,944,271</u>	<u>-</u>	<u>5,944,271</u>
2,983,275	-	2,983,275
15,041,848	-	15,041,848
18,025,123	-	18,025,123
-	7,300,412	7,300,412
<u>18,025,123</u>	<u>7,300,412</u>	<u>25,325,535</u>
<u>\$ 23,969,394</u>	<u>\$ 7,300,412</u>	<u>\$ 31,269,806</u>

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

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidated Statements of Activities and Changes in Net Assets
For the fiscal years ended September 30, 2019 and 2018

		2019		
		Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:				
Earned revenue	Note 2	\$ 2,767,865	\$ -	\$ 2,767,865
Contributions and outside support	Note 2	2,318,027	-	2,318,027
Investment gains (losses)	Note 6, 7	(79,023)	135,521	56,498
Rental and other revenues	Note 12	741,097	-	741,097
Total revenues and gains		<u>5,747,966</u>	<u>135,521</u>	<u>5,883,487</u>
Net assets released from restriction, contributions	Note 11	-	-	-
Net assets released from restriction, endowments	Note 11	956,632	(956,632)	-
Total revenues, gains and other support		<u>6,704,598</u>	<u>(821,111)</u>	<u>5,883,487</u>
Expenses:				
Program activities:				
Production costs		4,003,804	-	4,003,804
Sales and customer service costs		<u>2,049,828</u>	-	<u>2,049,828</u>
Total program activities		<u>6,053,632</u>	-	<u>6,053,632</u>
Supporting activities:				
Management and general		1,777,285	-	1,777,285
Fundraising and development		<u>628,891</u>	-	<u>628,891</u>
Total supporting activities		<u>2,406,176</u>	-	<u>2,406,176</u>
Total expenses		<u>8,459,808</u>	-	<u>8,459,808</u>
Changes in net assets		(1,755,210)	(821,111)	(2,576,321)
Net Assets:				
Net assets, beginning	Note 11	<u>18,025,123</u>	<u>7,300,412</u>	<u>25,325,535</u>
Net assets, ending	Note 11	<u>\$ 16,269,913</u>	<u>\$ 6,479,301</u>	<u>\$ 22,749,214</u>

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

2018		
Without donor restrictions	With donor restrictions	Total
\$ 3,161,437	\$ -	\$ 3,161,437
3,194,609	-	3,194,609
1,254,915	456,530	1,711,445
834,803	-	834,803
<u>8,445,764</u>	<u>456,530</u>	<u>8,902,294</u>
-	-	-
348,870	(348,870)	-
<u>8,794,634</u>	<u>107,660</u>	<u>8,902,294</u>
4,842,620	-	4,842,620
1,594,795	-	1,594,795
<u>6,437,415</u>	<u>-</u>	<u>6,437,415</u>
1,446,146	-	1,446,146
677,846	-	677,846
<u>2,123,992</u>	<u>-</u>	<u>2,123,992</u>
<u>8,561,407</u>	<u>-</u>	<u>8,561,407</u>
233,227	107,660	340,887
17,791,896	7,192,752	24,984,648
<u>\$ 18,025,123</u>	<u>\$ 7,300,412</u>	<u>\$ 25,325,535</u>

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

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the fiscal years ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ (2,576,321)	\$ 340,887
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	59,727	52,261
Decrease (increase) in value of investment in endowment	(325,674)	(647,863)
Decrease (increase) in value of investment in real estate	225,186	(974,454)
Decrease (increase) in value of beneficial interest in trusts	43,994	(89,127)
Change in assets and liabilities:		
Decrease (increase) in trade receivables	(24,332)	(1,215,844)
Decrease (increase) in contributions receivables	25,275	387,004
Decrease (increase) in prepaid expenses and supplies	9,015	(22,835)
Decrease (increase) in deferred charges	(299,930)	(114,621)
Increase (decrease) in accounts payable and accrued liabilities	608,115	1,023,064
Increase (decrease) in deferred ticket revenue	581,764	91,941
Increase (decrease) in other liabilities	76,043	130,503
Net cash provided by (used in) operating activities	(1,597,138)	(1,039,084)
Cash flows from investing activities:		
Purchases of investments in endowment	(8,315)	(257,992)
Proceeds from sales of investments in endowment	1,735,506	615,183
Acquisitions of capital assets	(92,605)	(18,572)
Net cash provided by (used in) investing activities	1,634,586	338,619
Cash flows from financing activities:		
Proceeds from short-term line of credit	2,422,000	1,200,000
Repayment of short-term line of credit	(2,020,000)	(615,000)
Repayment of long-term debt	(61,638)	(62,320)
Net cash provided by (used in) financing activities	340,362	522,680
Changes in cash and cash equivalents	377,810	(177,785)
Cash and cash equivalents, beginning of year	229,980	407,765
Cash and cash equivalents, end of year	\$ 607,790	\$ 229,980

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

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
For the fiscal years ended September 30, 2019 and 2018

Note 1 – Organization

The Portland Opera Association, Inc. (the “Opera”) was incorporated in 1965 as a tax-exempt educational nonprofit organization described in section 501(c)(3) of the Internal Revenue Code. The Opera is also classified as a public charity under section 509(a)(2) and contributions to the Opera are deductible under section 170. The Opera is also qualified to receive tax deductible bequests, devises, transfers or gifts under sections 2055, 2106 or 2522 of the Internal Revenue Code.

The mission of the Opera is to inspire, challenge and uplift its audiences by creating productions of high artistic quality that celebrate the beauty and breadth of opera.

These consolidated financial statements present the operations of the Opera and its wholly-owned subsidiary, Portland Theater Productions, Inc. whose mission is to promote and develop community education and understanding of dramatic musical theater productions. All intercompany transactions and balances have been eliminated in the consolidation. Through each entity, the Opera presents a diverse program of visual, theatrical and vocal outreach and educational productions reaching the community.

Diversity and Inclusion – At the Opera, we are committed to diversity and inclusion in the workplace and we are an equal opportunity employer. The Opera will not discriminate against any employee or applicant for employment based on race, color, national origin, gender, gender identity, sexual orientation, age, religion, disability, protected veteran status, or other characteristics protected by law. We are committed to eliminating barriers to access and equity and see a diverse workforce as a key step toward this goal.

The Opera’s 55th performance season is now complete. The Resident Artist program continues to flourish and underscores our commitment to the artists who represent the future of our field. Portland Opera to Go, an educational outreach program, continues to provide more than 65 performances of shorter 50-minute version of opera taking place in K-12 schools, reaching over 14,000 students throughout Oregon annually. In addition, the award-winning Opera a la Cart program continues to connect communities with opera at neighborhood festivals, parks, and gatherings.

Note 2 – Summary of Significant Accounting Policies

The significant accounting policies followed by the Opera are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives by donors.

Basis of Presentation – The Opera has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Opera and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Board of Trustees may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Opera and/or passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Board (e.g. endowment funds). Generally, the donors of these assets permit the Opera to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Recently-Adopted Accounting Standards – On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Opera implemented ASU No. 2016-14 during the fiscal year ended September 30, 2019 and has applied this update retrospectively to all periods presented.

Program Services – Program services consist of the following:

Portland Opera Productions

These Opera 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 Opera shares free community programming and educational events by offering free concerts, previews, lectures, broadcasts, and more.

Resident Artist Program

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

Portland Theatre Productions

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

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Fair Value Measurements – Included in the accompanying consolidated financial statements are certain financial assets carried at fair value. These assets include:

- Contributions receivable
- Investment in endowment
- Investment in real estate
- Beneficial interest in trusts

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses and real estate appraisals, incorporating current market inputs for similar assets with comparable terms and credit quality.

Cash and Cash Equivalents – For purposes of the financial statements, the Opera 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 Opera maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Opera 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 Receivables – In accordance with FASB ASC No. 825-10, *Financial Instruments*, the Opera has adopted fair value as the initial and subsequent measurement for trade and contribution receivables. Accordingly, trade and contributions receivable which are expected to be received within one year are reported at their 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 Opera's best estimate of the amount of probable losses in its existing receivables. The Opera 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 Opera's management determined that no allowance is necessary at September 30, 2019 and 2018.

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.

Intangible Assets – Intangible assets acquired which have indefinite lives are not subject to amortization. The Opera 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.

Capital Assets and Depreciation – Generally, items of property and equipment which have a useful life of greater than one year with a carrying value in excess of \$5,000 are capitalized and reported at cost when purchased, and initially at fair value when acquired by gift. Interest is capitalized in connection with the construction of major facilities until such time as the facilities become operational. The capitalized interest is recorded as a part of the assets to which it relates and is amortized over the asset's estimated useful life. 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. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the respective assets, which is forty years for buildings and between three and ten years for furniture, equipment, and leasehold improvements, or the term of the lease, if shorter. Any impairment of long-lived assets is accounted for in accordance with FASB ASC No. 360, *Property, Plant and Equipment*.

Investments – Under the provisions of FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, investments in marketable securities with readily determinable fair values and all investments in debt securities and valued at their fair value in the statements of financial position. Investments in real estate for which observable prices in active markets do not exist are reported at fair value as described further in Notes 6 and 7. 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 Statement of Activities and Changes in Net Assets*.

Endowment – In accordance with the *Uniform Prudent Management of Institutional Funds Act ("UPMIFA")*, adopted by the State of Oregon effective January 1, 2008, the Board of Trustees has adopted investment and spending that preserve the fair value of endowment gifts, absent explicit donor stipulations to the contrary. Although the Opera has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. For example, the Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment. As a result, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

The Opera's endowment consists of one individual fund established for a variety of purposes. The Portland Opera Endowment, invested with Vanguard Investments, includes donor restricted funds that are permanently restricted by specific donor stipulations. 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.

Endowment History

The Opera, together with the Portland Art Museum and Oregon Symphony, 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 Opera exercised its option to withdraw its one-third interest in the endowment and reinvest it with OCF. The new Fund Agreement with OCF management had a term of five years. The funds held at OCF were moved to Vanguard Investments in December 2015.

Investment Return Objectives, Risk Parameters and Strategies

The Opera has adopted investment and spending policies, approved by the Board of Trustees, 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 Opera has a policy of appropriating for distribution for general operations each year 5% of the Portland Opera Endowment Fund’s average fair value for a period of thirteen quarters (unless prohibited by donor stipulations) and up to 2% to cover debt service on its long-term obligations. The following factors are considered by the Trustees in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Opera and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Opera; and
- The investment policies of the Opera

In establishing this policy, the Opera considered the long-term expected return on its investment assets and the nature and duration of the individual endowment funds. The Opera expects the current spending policy to allow its endowment funds to maximize long-term growth of assets and provide stable periodic returns.

The State of Oregon has adopted UPMIFA with an annual distribution limit equal to 7% of the fair market value of the endowment fund, calculated on an average period up to three years. However, a Board of Trustees is allowed to spend more than the limit if they believe it is prudent to do so. A special distribution from the endowment was authorized and distributed in the amount of \$1,150,000 in fiscal year ended September 30, 2019 and no special distribution from the endowment was authorized or distributed in the fiscal year ended September 30, 2018.

Beneficial Interest in Trusts – The Opera is named the beneficiary of perpetual trust arrangements in which donors established and funded perpetual trusts that are administered by a third-party trustee. Under the terms of the trusts, the Opera has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Annual distributions from the trusts are reported as contributed revenue.

In addition, the Opera is a beneficiary of a charitable remainder trust where a third party receives income from the trust during their lifetime and the Opera is entitled to a share of the remaining assets after their death.

Pursuant to FASB ASC 958-605-30-14, interests in perpetual trusts are recognized by the Opera as contributed revenue and as an asset, measured at fair value based on estimated future cash-flows, at the time the Opera becomes aware of the trust's existence. Periodically, the Opera re-measures its beneficial interest at fair value, using the same valuation technique used to measure the asset initially. The adjustment is recognized as a gain or loss in the appropriate asset class.

Other Assets and Liabilities – The carrying value of the Opera's cash and cash equivalents, receivables, prepaid expenses, accounts payable, accrued and other liabilities approximate market value due to their short-term nature.

Revenue Recognition – Contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Revenues associated with future fiscal years are reported as deferred revenues until earned.

Ticket sales collected for the following 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 following fiscal year's rental of the Opera'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 Opera's building and the parking lot are recognized as earned. Deferred revenue related to the temporary and permanent construction easements discussed in Note 11 will be recognized as earned over the term of the agreement.

Broadway presentation revenues consist of the Opera'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.

Contributions – Contributions, which include unconditional promises to give, are recognized as revenue in the period the promise was received by the Opera. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Opera 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.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management estimates an allowance for uncollectible contributions receivable based on past collection history.

In-Kind Contributions – The Opera receives contributed services from a large number of volunteers who assist with opera productions and other efforts through their participation in a range of businesses and activities. In accordance with FASB ASC No. 958-605, the value of such services, which the Opera considers generally not practicable to estimate, have not been recognized in the accompanying financial statements. Significant services received, which create or enhance a non-financial asset or require specialized skills that the Opera would have purchased if not donated, are recognized in the accompanying financial statements in the amount of \$21,500 and \$211,955 for fiscal years ended September 30, 2019 and 2018 respectively. In-kind contributions and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Opera’s activities.

Expense Allocation on Functional Basis – 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.

Stage Settings and Costumes – The Opera 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.

Tax Exempt Status – The Opera and its subsidiary have been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Both entities are also classified as public charities under section 509(a)(2) and contributions to them are deductible under section 170. They both are also qualified to receive tax deductible bequests, devises, transfers or gifts under sections 2055, 2106 or 2522 of the Internal Revenue Code. Both entities are operated in a manner that continues to qualify them for tax-exempt status. In any year in which either the Opera or its subsidiary have 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.

Conflict-of-Interest Policy – The Opera has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Trustees of any direct or indirect interest in any transaction or relationship with the Opera, and not participate in discussions and decisions regarding any action affecting their individual, professional or business interests.

Concentrations of Credit Risk – The Opera’s financial instruments consist primarily of cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) and the Securities Investor Protection Corporation (“SIPC”). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC and the SIPC for up to \$250,000 for each depositor, for each insured bank and broker, for each account ownership category. As of September 30, 2019 and 2018 respectively, the Opera held cash balances in the amount of \$1,041,480 and \$113,263 that were in excess of the FDIC/SIPC-insured level.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through the date the financial statements were available to be issued.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

Note 3 – Contributions Receivable

Unconditional promises to give included as contributions receivable are as follows:

	As of September 30, 2019	As of September 30, 2018
Annual fund	\$ 20,216	\$ 1,466
Sponsorships	-	230,900
Special support	56,650	8,075
Major gifts and bequests	391,478	203,178
Endowment	-	-
Building and special projects	50,000	100,000
	<u>518,344</u>	<u>543,619</u>
Less discounts to net present value	-	-
Net contributions receivable	<u>\$ 518,344</u>	<u>\$ 543,619</u>
Receivable due in less than 1 year	\$ 418,344	\$ 443,619
Receivable due in 1 to 5 years	100,000	100,000
Receivable due in more than 5 years	-	-
	<u>\$ 518,344</u>	<u>\$ 543,619</u>

Unconditional promises to give that are included in contributions receivable which are due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of three percent.

Note 4 – Intangible Asset

On August 29, 2012, the Opera received \$172,225 of System Development Credits (SDCs) from the City of Portland in exchange for easements and acquisitions related to the permanent relocation of Water Avenue. Accordingly, these SDCs are recorded as an intangible asset on the *Consolidated Statement of Financial Position*. There is no related amortization expense due to the nature of the asset as of September 30, 2019 and 2018.

These SDCs received from the City of Portland need to be used by the Opera or be sold to another developer within ten years or they will expire on August 29, 2022. If they are not used or sold within ten years, they should be written off in fiscal year ending September 30, 2022.

Note 5 – Capital Assets

A summary of capital assets net of accumulated depreciation is as follows:

	As of September 30, 2019	As of September 30, 2018
Projects in progress	\$ -	\$ 32,636
Office equipment, furniture and fixtures	1,334,708	1,357,908
Computer equipment and software	994,883	846,441
Vehicles	41,163	62,264
	<u>2,370,754</u>	<u>2,299,249</u>
Less accumulated depreciation	<u>(2,108,146)</u>	<u>(2,069,519)</u>
	<u>\$ 262,608</u>	<u>\$ 229,730</u>

Depreciation expense was \$59,727 and \$52,261 for the fiscal years ended September 30, 2019 and 2018 respectively.

Note 6 – Investment in Endowment

Cash and investments carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurement and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Opera's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following tables set forth carrying amounts and estimated fair values for financial instruments:

	As of September 30, 2019				
	Level I	Level II	Level III	Total	%
Equity funds	\$ 4,683,145	\$ -	\$ -	\$ 4,683,145	60%
Fixed income funds	3,147,716	-	-	3,147,716	40%
Total endowment	<u>\$ 7,830,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,830,861</u>	<u>100%</u>

As of September 30, 2018

	Level I	Level II	Level III	Total	%
Equity funds	\$ 5,583,167	\$ -	\$ -	\$ 5,583,167	60%
Fixed income funds	3,649,211	-	-	3,649,211	40%
Total endowment	<u>\$ 9,232,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,232,378</u>	<u>100%</u>

The Level I investment is a component fund which is valued based on the published market values from Vanguard Institutional Advisory Services. There were no investments classified as Level II or Level III for fiscal years ended September 30, 2019 and 2018 respectfully.

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*.

Original and Reset Principal Corpus of Permanently Restricted Endowment – from 1980 to 2008, the Opera, the Portland Art Museum and the Oregon Symphony, participated in a campaign to raise funds equally for all three organizations establishing the Oregon Arts Heritage Endowment Fund (OAHE). The Oregon Community Foundation (OCF) was engaged to administer the endowment funds received. In May 2008, the Opera exercised its option to withdraw its one-third interest in this jointly-shared endowment investment and reinvested its share directly with OCF all of which is considered permanently restricted.

The principal corpus of the Opera’s permanently restricted endowment is as follows:

Amount	Year	Purpose
\$ 392,000	1992	Donor restricted - to be held in perpetuity
100,000	2000	Donor restricted - to be held in perpetuity
<u>6,227,449</u>	2008	Distribution from the original OAHE endowment
6,719,449		Original principal corpus of permanently restricted endowment
(185,000)	2014	Special Board-approved endowment distribution
(250,000)	2015	Special Board-approved endowment distribution
(685,000)	2016	Special Board-approved endowment distribution
<u>(1,150,000)</u>	2019	Special Board-approved endowment distribution
(2,270,000)		
<u>\$ 4,449,449</u>		Reset principal corpus of permanently restricted endowment

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Opera to retain as a fund of perpetual duration. In addition, the Opera’s Board of Trustees interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

As September 30, 2019, the Opera held endowment funds with original gift values of \$4,449,449, fair value of \$4,311,880, and deficiencies of \$137,568.

For fiscal year ended September 30, 2019						
	Without donor restrictions	With donor restrictions			Subtotal	Total endowment
		Underwater endowment	Accumulated endowment returns	Endowment principal		
Endowment net assets, beginning	\$ 4,143,381	\$ (612,977)	\$ 102,525	\$ 5,599,449	\$ 5,088,997	\$ 9,232,378
Contributions and bequests	8,315	-	-	-	-	8,315
Investment gains (losses)	156,469	-	192,178	-	192,178	348,647
Investment expenses	(10,310)	-	(12,663)	-	(12,663)	(22,973)
Net change in cumulative endowment losses	-	475,409	(475,409)	-	-	-
Amounts appropriated for expenditure:						
5% spending rate to fund operations	(190,811)	-	(234,358)	-	(234,358)	(425,169)
Utilization to fund debt service	(71,957)	-	(88,380)	-	(88,380)	(160,337)
Utilization to fund operations	(448,788)	-	448,788	(1,000,000)	(551,212)	(1,000,000)
Utilization to fund strategic plan	(67,318)	-	67,318	(150,000)	(82,682)	(150,000)
Endowment net assets, ending	<u>\$ 3,518,981</u>	<u>\$ (137,568)</u>	<u>\$ (1)</u>	<u>\$ 4,449,449</u>	<u>\$ 4,311,880</u>	<u>\$ 7,830,861</u>

As September 30, 2018, the Opera held endowment funds with original gift values of \$5,599,449, fair value of \$5,088,997, and deficiencies of \$612,977.

For fiscal year ended September 30, 2018						
	Without donor restrictions	With donor restrictions			Subtotal	Total endowment
		Underwater endowment	Accumulated endowment returns	Endowment principal		
Endowment net assets, beginning	\$ 3,871,242	\$ (612,977)	\$ 83,992	\$ 5,599,449	\$ 5,070,464	\$ 8,941,706
Contributions and bequests	257,992	-	-	-	-	257,992
Investment gains (losses)	291,410	-	381,682	-	381,682	673,092
Investment expenses	(10,924)	-	(14,305)	-	(14,305)	(25,229)
Net change in cumulative endowment losses	-	-	-	-	-	-
Amounts appropriated for expenditure:						
5% spending rate to fund operations	(196,922)	-	(257,924)	-	(257,924)	(454,846)
Utilization to fund debt service	(69,417)	-	(90,920)	-	(90,920)	(160,337)
Endowment net assets, ending	<u>\$ 4,143,381</u>	<u>\$ (612,977)</u>	<u>\$ 102,525</u>	<u>\$ 5,599,449</u>	<u>\$ 5,088,997</u>	<u>\$ 9,232,378</u>

Note 7 – Investment in Real Estate

Investment in real estate includes two parcels located at 211 SE Caruthers Street, Portland, Oregon which, effective for fiscal year ended September 30, 2017, are now accounted for as an investment using fair value accounting. The Opera represents that the intent of purchasing and holding these properties is for investment purposes and that the stated fair value of these investments represents reasonable estimates of the fair value as of September 30, 2019 and 2018.

Unrealized gain (loss) is the amount of gains (losses) for the period included in income attributable to change in unrealized gains (losses) relating to this investment in real estate and reflected in investment income in the *Consolidated Statement of Activities and Changes in Net Assets*.

In April 2017, the appraisal firm of CBRE VALUATION & ADVISORY SERVICES appraised these two parcels in the amount of \$16,750,000. This April 2017 appraised value was then indexed to an estimated fair value of \$17,725,186 at the fiscal year ended September 30, 2018, using the SIOR COMMERCIAL REAL ESTATE INDEX (CREI) for commercial Pacific Northwest properties. In September 2019, the appraisal firm of CBRE VALUATION & ADVISORY SERVICES appraised these two parcels in the amount of \$17,500,000.

The fair value as of September 30, 2019 and 2018 was estimated to be \$17,500,000 and \$17,725,186 respectfully. Formal appraisals are performed every two to three years depending upon market conditions. For the fiscal years ended September 30, 2019 and 2018, the unrealized gain(loss) in fair value was (\$225,186) and \$974,454 respectfully, representing a (1.27%) and 5.82% change in unrealized investment gain(loss) recorded in investment income in the *Consolidated Statement of Activities and Changes in Net Assets*.

Note 8 – Beneficial Interest in Trusts

Perpetual Trust No. 1 – in July 1980, the *William Sterling Findlay and Susan Halton Fund* invested with Oregon Community Foundation (OCF) providing a perpetual trust principal of \$6,869 and its income is to be used for general operating expenses.

Perpetual Trust No. 2 – in June 1989, the *Eleanor Lieber Auditions Fund* invested with OCF the providing a perpetual trust principal of \$250,000 and its income is to be used for holding nation-wide auditions of young opera singers seeking to enter the *Portland Opera Resident Artists* program.

Perpetual Trust No. 3 – in January 1996, the *Emilie and Don Frisbee Fund* invested with OCF providing a perpetual trust principal of \$110,000 and its income is to be used for general operating expenses.

Perpetual Trust No. 4 – in May 1999, the *John and Carol Hampton Endowment Fund* invested with OCF providing a perpetual trust principal of \$1,000,000 and its income is to be used for general operating expenses.

Charitable Remainder Trust No. 5 – in September 1999, the *Macleod Charitable Remainder Trust* invested 30,500 shares of SunGard common stock with UBS and Alex Brown investment firms providing a split-interest remainder trust where the Opera will receive its respective ten percent share upon the death of the life-time beneficiary.

Perpetual Trust No. 6 – in December 2000, the *Ben and Elaine Whiteley Fund* invested with OCF providing a perpetual trust principal of \$50,000 and its income is to be used for general operating expenses.

Perpetual Trust No. 7 – in May 2002, the *Sir James and Lady McDonald Fund* invested with OCF providing a perpetual trust principal of \$87,500 and its income is to be used for general operating expenses.

Changes in the Opera's beneficial interest in trusts is summarized as follows:

	As of September 30, 2019	As of September 30, 2018
Fair value at the beginning of the fiscal year	\$ 2,211,415	\$ 2,122,288
Increase (decrease) in fair value, net of expenses	39,935	173,090
Distribution from trust, contributed revenue	<u>(83,929)</u>	<u>(83,963)</u>
Fair value at the end of the fiscal year	<u>\$ 2,167,421</u>	<u>\$ 2,211,415</u>

Note 9 – Short-term Outstanding Debt

As of September 30, 2016, the Opera had a \$2.5 million short-term revolving line of credit available with an outstanding balance of \$1,270,000 at September 30, 2016. The agreement was secured by the general assets of the Opera and a lien on the real estate accounted for under investments in real estate as described in Note 7. The interest rate on this line of credit was 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 2.75% per annum and the rate was 4.50% at September 30, 2016. This agreement was set to expire upon extension on June 30, 2017, but was refinanced prior to expiration.

On May 15, 2017, the \$2.5 million line of credit was refinanced and replaced with a new \$2.4 million long-term first mortgage, refer to Note 10, and a \$1 million short-term revolving line of credit. The new \$1 million line of credit is secured by the general assets of the Opera and a lien on the real estate accounted for under investments in real estate as described in Note 7. 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 was 5.00% and 5.25% with \$987,000 and \$585,000 outstanding balance as of September 30, 2019 and 2018 respectively. The \$1 million line of credit was due to expire on December 31, 2019, but was renewed in December 2019 to March 31, 2021.

Note 10 – Long-Term Outstanding Debt

On May 15, 2017, the \$2.5 million short-term line of credit, see Note 9, was refinanced and replaced with a new \$2.4 million long-term first mortgage and a \$1 million short-term revolving line of credit. The new \$2.4 million first mortgage agreement is secured by the general assets of the Opera and a lien on the real estate accounted for under investments in real estate as described in Note 7. The interest rate on this first mortgage is 4.45% fixed for five years and then subject to change from time to time based on changes in an independent index which is the One Month London Interbank Offered Rate (LIBOR) as published in The Wall Street Journal. The index at the time the first mortgage was signed was 4.45% per annum and the current rate is 5.00% with the outstanding principal balance at September 30, 2019 and 2018 is equal to \$2,271,601 and \$2,328,068 respectively. The \$2.4 million first mortgage has amortized monthly principal and interest payments over twenty-five years with an overall loan agreement expiring in ten years on May 15, 2027.

Bank loan covenants include maintaining a liquidity covenant of unencumbered liquid assets equal to not less than 1.00 times the \$3.4 million committed amount, reporting covenants to include investment and audited financial statements, and no additional indebtedness without the prior written consent of the lender. As of September 30, 2019 and 2018, the actual liquidity covenant calculated at 1.73 and 1.61 times the \$3.4 million committed amount respectively and all bank covenants were met.

Future payments under the terms of the \$2.4 million first mortgage as of September 30, 2019 are as follows:

	Principal	Interest	Total
FY 2019-20	\$ 58,783	\$ 101,554	\$ 160,337
FY 2020-21	61,775	98,562	160,337
FY 2021-22	64,620	95,716	160,336
FY 2022-23	67,597	92,740	160,337
FY 2023-24	70,459	89,878	160,337
FY 2024-25	73,956	86,381	160,337
FY 2025-26	77,363	82,974	160,337
FY 2026-27	1,797,048	53,061	1,850,109
	<u>\$ 2,271,601</u>	<u>\$ 700,866</u>	<u>\$ 2,972,467</u>

Rainy Day Endowment Reserve – In June 2017, the Board of Trustees approved changes to the Opera’s Investment Policy Statement to include a rainy day reserve concept for its investment in endowment referenced in Note 6. This rainy day reserve concept was designed so that endowment earnings of up to two percent are used to cover the principal and interest payments on its long-term debt listed in Note 10. Endowment earnings of five percent will continue to be distributed for operations. In years where the endowment earns more than these two endowment distributions, the excess is tracked as a rainy day reserve. This rainy day reserve is available in any future years where the endowment may not earn enough to cover these two distribution amounts and is available to pay down the outstanding principal balance prior to the loan agreement expiring on May 15, 2027.

Below is a summary of the rainy day reserve balance as of September 30, 2019 and 2018:

	Endowment Earnings		Endowment Distributions		Rainy Day Reserve	
	%	Amount	Operations 5%	Debt Service Up to 2%	Annual Earnings over(under) Distributions	Reserve Cumulative Balance
FY 2016-17	10.42%	\$ 909,819	\$ (433,670)	\$ (76,750)	\$ 399,399	\$ 399,399
FY 2017-18	7.36%	673,092	(454,846)	(160,377)	57,869	457,268
FY 2018-19	5.59%	348,647	(425,169)	(160,337)	(236,859)	220,409
FY 2019-20	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	(160,337)		
FY 2020-21	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	(160,337)		
FY 2022-23	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	(160,337)		

Note 11 – Net Assets

Net Assets without Donor Restrictions – as of September 30, 2019 and 2018, there were net assets without donor restrictions available for programs and general operations and net assets without donor restrictions invested in real estate and investments. There were no board-designated net assets.

Net Assets with Donor Restrictions – as of September 30, 2019 and 2018, the Opera held permanently restricted endowment funds. These funds earn investment income that is all unrestricted. From time to time, the fair value of assets associated with these permanently restricted endowment funds may fall below the level of the original principal corpus which donor’s pledged to be retained as a fund in perpetual duration. See also Note 6 for further information on the original and reset principal corpus of the permanently restricted endowment.

Changes in total net assets is summarized as follows:

	For fiscal year ended September 30, 2019		
	Without donor restrictions	With donor restrictions	Total Net Assets
Net assets, beginning	\$ 18,025,123	\$ 7,300,412	\$ 25,325,535
Activity from Statement of Activity:			
Total revenues, gains and other support	6,704,598	(821,111)	5,883,487
Total expenses	(8,459,808)	-	(8,459,808)
Changes in net assets	(1,755,210)	(821,111)	(2,576,321)
Net assets, ending	\$ 16,269,913	\$ 6,479,301	\$ 22,749,214
	71.52%	28.48%	100.00%

	For fiscal year ended September 30, 2018		
	Without donor restrictions	With donor restrictions	Total Net Assets
Net assets, beginning	\$ 17,791,896	\$ 7,192,752	\$ 24,984,648
Activity from Statement of Activity:			
Total revenues, gains and other support	8,794,634	107,660	8,902,294
Total expenses	(8,561,407)	-	(8,561,407)
Changes in net assets	233,227	107,660	340,887
Net assets, ending	\$ 18,025,123	\$ 7,300,412	\$ 25,325,535
	71.17%	28.83%	100.00%

Note 12 – Commitments

Rental Income

The Opera entered into a ten-year agreement to lease the second floor of its investment in real estate, see Note 7, with the term beginning on July 1, 2013, through July 31, 2023. Future minimum rental income under the lease is as follows:

	<u>Office</u>	<u>Parking</u>	<u>Total</u>
FY 2019-20	\$ 293,634	\$ 24,000	\$ 317,634
FY 2020-21	302,976	24,000	326,976
FY 2021-22	312,065	24,000	336,065
FY 2022-23	351,042	24,000	375,042
	<u>\$ 1,259,717</u>	<u>\$ 96,000</u>	<u>\$ 1,355,717</u>

The Opera recognizes escalating office rent provisions on a straight-line basis over the lease term. The office rental income was \$273,826 and \$275,708 for the fiscal years ended September 30, 2019 and 2018 respectfully.

Note 13 – Education and Outreach

The Opera 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.

Note 14 – Retirement Plan

The Opera sponsors a defined contribution retirement savings plan established under Section 403(b) of the Internal Revenue Code (the “Plan”). Employees may make voluntary contributions to the Plan on a pre-tax basis up to the maximum amount allowed by law. This Plan is self-directed by the employees who choose to participate. The Opera does not contribute or match any employee contributions into the Plan.

Note 15 – Income Taxes

The Opera 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 Opera has no uncertain tax positions as of September 30, 2019 and 2018. The Opera’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 16 – Expenses

The expenses of providing the various programs and other activities of the Opera have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques, such as square footage, headcount, or percentage of time and effort, as appropriate.

Expenses by their natural classification for the fiscal year ended September 30, 2019 are summarized as follows:

	Portland Opera Association, Inc.				Portland Theater Productions, Inc.				Total
	Opera programs	Management and general	Fundraising, membership and development	Sub-total	Broadway programs	Management and general	Fundraising, membership and development	Sub-total	
Salaries and related costs	\$ 1,171,499	\$ 995,593	\$ 426,328	\$ 2,593,420	\$ 552,392	\$ -	\$ -	\$ 552,392	\$ 3,145,812
Performance costs	3,294,316	-	-	3,294,316	-	-	-	-	3,294,316
Advertising and promotion	525,477	-	69,965	595,442	-	-	-	-	595,442
Office expenses	69,846	242,755	11,120	323,721	71,925	916	1,368	74,209	397,930
Occupancy	117,508	86,460	-	203,968	-	-	-	-	203,968
Interest	-	117,701	-	117,701	-	-	-	-	117,701
Travel	54,828	5,944	17,998	78,770	266	-	314	580	79,350
Depreciation	-	59,727	-	59,727	-	-	-	-	59,727
Insurance	25,526	29,368	-	54,894	-	-	-	-	54,894
Other	61,790	284,862	69,034	415,686	76,769	4,950	13,263	94,982	510,668
Sub-total	5,320,790	1,822,410	594,445	7,737,645	701,352	5,866	14,945	722,163	8,459,808
Allocation of overhead	-	(137,748)	(21,972)	(159,720)	52,992	84,756	21,972	159,720	-
Total expenses	\$ 5,320,790	\$ 1,684,662	\$ 572,473	\$ 7,577,925	\$ 754,344	\$ 90,622	\$ 36,917	\$ 881,883	\$ 8,459,808

Expenses by their natural classification for the fiscal year ended September 30, 2018 are summarized as follows:

	Portland Opera Association, Inc.				Portland Theater Productions, Inc.				Total
	Opera programs	Management and general	Fundraising, membership and development	Sub-total	Broadway programs	Management and general	Fundraising, membership and development	Sub-total	
Salaries and related costs	\$ 914,991	\$ 1,499,836	\$ 488,526	\$ 2,903,353	\$ 377,804	\$ -	\$ -	\$ 377,804	\$ 3,281,157
Performance costs	3,227,862	-	-	3,227,862	-	-	-	-	3,227,862
Advertising and promotion	479,153	-	63,165	542,318	-	-	61	61	542,379
Office expenses	38,981	171,650	10,126	220,757	64,523	702	18,677	83,902	304,659
Occupancy	135,620	86,540	-	222,160	-	-	-	-	222,160
Interest	-	115,310	-	115,310	-	-	-	-	115,310
Travel	44,950	12,046	7,028	64,024	722	24	-	746	64,770
Depreciation	-	52,261	-	52,261	-	-	-	-	52,261
Insurance	21,684	30,220	-	51,904	100	-	-	100	52,004
Other	416,531	118,684	83,208	618,423	73,367	-	7,055	80,422	698,845
Sub-total	5,279,772	2,086,547	652,053	8,018,372	516,516	726	25,793	543,035	8,561,407
Allocation of overhead	-	(117,666)	(26,342)	(144,008)	28,398	89,268	26,342	144,008	-
Total expenses	\$ 5,279,772	\$ 1,968,881	\$ 625,711	\$ 7,874,364	\$ 544,914	\$ 89,994	\$ 52,135	\$ 687,043	\$ 8,561,407

Note 17 – Liquidity and Availability of Financial Assets

Looking forward, financial assets available for general expenditure within one year of the statement of financial position date comprise the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total financial assets available to fund general operations at September 30	\$ 780,920	\$ 712,488
Less financial assets not available within one year	<u>(391,029)</u>	<u>(371,314)</u>
	389,891	341,174
<i>Plus other funds subject to appropriation for expenditure:</i>		
Endowment appropriations for operations	450,000	450,000
Board-designated funds approved for expenditure in the next fiscal year:		
Endowment loan for operations	2,000,000	-
Estimated endowment distributions in the next fiscal year:		
Endowment utilization to fund debt service	160,000	160,000
Endowment special distribution for operations	-	1,000,000
Endowment special utilization to strategic plan	<u>-</u>	<u>150,000</u>
Total financial assets available within one year	<u>\$ 2,999,891</u>	<u>\$ 2,101,174</u>

As part of its liquidity management, the Opera has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Opera invests cash in excess of daily requirements in short-term investments and money market funds.

In addition, the Opera holds endowment funds totaling \$7,830,861 at September 30, 2019 (\$9,232,378 in 2018). Although typically the Opera does not intend to spend from its endowment other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its endowment could be made available if necessary. For fiscal year ended September 30, 2020, the Board has authorized an endowment loan of up to \$2 million to fund the implementation of the strategic plan.

Note 18 – Supplemental Cash Flow Disclosure

Supplemental cash flow information is as follows:

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Cash paid during the fiscal year for:		
Interest	\$ 117,702	\$ 115,310
Taxes	-	-

Note 19 – Subsequent Events

The Opera did not have any subsequent events through January 6, 2020, which is the date the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the consolidated financial statements for the fiscal year ended September 30, 2019.

SUPPLEMENTARY FINANCIAL INFORMATION

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
As of September 30, 2019 and 2018

	2019			
	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
Assets:				
Current:				
Cash and cash equivalents	\$ 556,000	\$ 51,790	\$ -	\$ 607,790
Receivables - trade	-	255,608	-	255,608
Receivables - contributions	418,344	-	-	418,344
Prepaid expenses	112,367	2,724	-	115,091
Deferred charges	678,791	-	-	678,791
	<u>1,765,502</u>	<u>310,122</u>	<u>-</u>	<u>2,075,624</u>
Noncurrent:				
Receivables - contributions	100,000	-	-	100,000
Deferred charges	191,029	-	-	191,029
Intangible asset	172,225	-	-	172,225
Capital assets, net of depreciation	262,608	-	-	262,608
Investment in endowment	7,830,861	-	-	7,830,861
Investment in real estate	17,500,000	-	-	17,500,000
Beneficial interest in trusts	2,167,421	-	-	2,167,421
	<u>28,224,144</u>	<u>-</u>	<u>-</u>	<u>28,224,144</u>
Total assets	<u>\$ 29,989,646</u>	<u>\$ 310,122</u>	<u>\$ -</u>	<u>\$ 30,299,768</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	\$ 1,366,480	\$ 228,018	\$ -	\$ 1,594,498
Due on line of credit	987,000	-	-	987,000
Deferred ticket revenue	737,326	1,723,844	-	2,461,170
Deferred contribution revenue	108,544	-	-	108,544
Long-term debt due in one year	58,783	-	-	58,783
	<u>3,258,133</u>	<u>1,951,862</u>	<u>-</u>	<u>5,209,995</u>
Noncurrent:				
Due to subsidiary	1,641,740	-	(1,641,740)	-
Deferred contribution revenue	100,000	-	-	100,000
Deposits refundable	27,741	-	-	27,741
Notes payable	-	-	-	-
Due on long-term debt	2,271,601	-	-	2,271,601
Less long-term debt due in one year	(58,783)	-	-	(58,783)
	<u>3,982,299</u>	<u>-</u>	<u>(1,641,740)</u>	<u>2,340,559</u>
Total liabilities	<u>7,240,432</u>	<u>1,951,862</u>	<u>(1,641,740)</u>	<u>7,550,554</u>
Net Assets:				
Without donor restrictions:				
Available for programs and general operations	1,765,906	(1,641,740)	1,641,740	1,765,906
Net investments in capital assets and real estate	14,504,007	-	-	14,504,007
Total net assets without donor restrictions	<u>16,269,913</u>	<u>(1,641,740)</u>	<u>1,641,740</u>	<u>16,269,913</u>
With donor restrictions	6,479,301	-	-	6,479,301
Total net assets	<u>22,749,214</u>	<u>(1,641,740)</u>	<u>1,641,740</u>	<u>22,749,214</u>
Total liabilities and net assets	<u>\$ 29,989,646</u>	<u>\$ 310,122</u>	<u>\$ -</u>	<u>\$ 30,299,768</u>

2018			
Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
\$ 154,827	\$ 75,153	\$ -	\$ 229,980
-	231,277	-	231,277
443,619	-	-	443,619
121,563	2,543	-	124,106
298,576	-	-	298,576
<u>1,018,585</u>	<u>308,973</u>	<u>-</u>	<u>1,327,558</u>
100,000	-	-	100,000
271,314	-	-	271,314
172,225	-	-	172,225
229,730	-	-	229,730
9,232,378	-	-	9,232,378
17,725,186	-	-	17,725,186
2,211,415	-	-	2,211,415
<u>29,942,248</u>	<u>-</u>	<u>-</u>	<u>29,942,248</u>
<u>\$ 30,960,833</u>	<u>\$ 308,973</u>	<u>\$ -</u>	<u>\$ 31,269,806</u>
\$ 756,024	\$ 230,360	\$ -	\$ 986,384
585,000	-	-	585,000
638,778	1,240,628	-	1,879,406
132,501	-	-	132,501
61,637	-	-	61,637
<u>2,173,940</u>	<u>1,470,988</u>	<u>-</u>	<u>3,644,928</u>
1,162,015	-	(1,162,015)	-
-	-	-	-
27,741	-	-	27,741
5,171	-	-	5,171
2,328,068	-	-	2,328,068
(61,637)	-	-	(61,637)
<u>3,461,358</u>	<u>-</u>	<u>(1,162,015)</u>	<u>2,299,343</u>
<u>5,635,298</u>	<u>1,470,988</u>	<u>(1,162,015)</u>	<u>5,944,271</u>
2,983,275	(1,162,015)	1,162,015	2,983,275
15,041,848	-	-	15,041,848
18,025,123	(1,162,015)	1,162,015	18,025,123
7,300,412	-	-	7,300,412
<u>25,325,535</u>	<u>(1,162,015)</u>	<u>1,162,015</u>	<u>25,325,535</u>
<u>\$ 30,960,833</u>	<u>\$ 308,973</u>	<u>\$ -</u>	<u>\$ 31,269,806</u>

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidating Statements of Activities and Changes in Net Assets
For the fiscal years ended September 30, 2019 and 2018

	2019			Total
	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	
Revenues, gains and other support:				
Earned revenue				
Ticket sales	\$ 1,521,972	\$ -	\$ -	\$ 1,521,972
Ticket handling revenue	41,086	307,532	-	348,618
Broadway presentations	-	897,275	-	897,275
	<u>1,563,058</u>	<u>1,204,807</u>	<u>-</u>	<u>2,767,865</u>
Contributions and outside support				
Contributions and sponsorships	1,699,903	89,575	-	1,789,478
Contributions to endowment fund	8,315	-	-	8,315
Educational, governmental, and project grants	498,734	-	-	498,734
Special support	21,500	-	-	21,500
	<u>2,228,452</u>	<u>89,575</u>	<u>-</u>	<u>2,318,027</u>
Income from subsidiary	720,562	-	(720,562)	-
Investment gains (losses)	(79,023)	-	-	(79,023)
Rental and other revenues	433,034	308,063	-	741,097
Total revenues and gains	<u>4,866,083</u>	<u>1,602,445</u>	<u>(720,562)</u>	<u>5,747,966</u>
Net assets released from restriction, contributions	-	-	-	-
Net assets released from restriction, endowments	956,632	-	-	956,632
Total revenues, gains and other support	<u>5,822,715</u>	<u>1,602,445</u>	<u>(720,562)</u>	<u>6,704,598</u>
Expenses:				
Program activities:				
Production costs:				
Performance	3,101,634	-	-	3,101,634
Production	378,949	92,925	-	471,874
Music, education and outreach	430,296	-	-	430,296
	<u>3,910,879</u>	<u>92,925</u>	<u>-</u>	<u>4,003,804</u>
Sales and customer service costs:				
Marketing and public relations	940,099	257,828	-	1,197,927
Ticketing and customer service	448,311	403,590	-	851,901
	<u>1,388,410</u>	<u>661,418</u>	<u>-</u>	<u>2,049,828</u>
Total program activities	<u>5,299,289</u>	<u>754,343</u>	<u>-</u>	<u>6,053,632</u>
Supporting activities:				
Management and general:				
Administrative	1,190,216	90,622	-	1,280,838
Interest	117,702	-	-	117,702
Facilities	319,018	-	-	319,018
Depreciation and amortization	59,727	-	-	59,727
	<u>1,686,663</u>	<u>90,622</u>	<u>-</u>	<u>1,777,285</u>
Fundraising and development	591,973	36,918	-	628,891
Total supporting activities	<u>2,278,636</u>	<u>127,540</u>	<u>-</u>	<u>2,406,176</u>
Total expenses	<u>7,577,925</u>	<u>881,883</u>	<u>-</u>	<u>8,459,808</u>
Changes in net assets without donor restrictions	<u>(1,755,210)</u>	<u>720,562</u>	<u>(720,562)</u>	<u>(1,755,210)</u>
Changes in net assets with donor restrictions				
Investment gains (losses)	135,521	-	-	135,521
Net assets released from restriction, endowments	(956,632)	-	-	(956,632)
	<u>(821,111)</u>	<u>-</u>	<u>-</u>	<u>(821,111)</u>
Changes in net assets	<u>\$ (2,576,321)</u>	<u>\$ 720,562</u>	<u>\$ (720,562)</u>	<u>\$ (2,576,321)</u>

2018

Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
\$ 1,238,774	\$ -	\$ -	\$ 1,238,774
24,354	397,157	-	421,511
-	1,501,152	-	1,501,152
<u>1,263,128</u>	<u>1,898,309</u>	<u>-</u>	<u>3,161,437</u>
2,065,496	113,089	-	2,178,585
257,992	-	-	257,992
546,077	-	-	546,077
207,155	4,800	-	211,955
<u>3,076,720</u>	<u>117,889</u>	<u>-</u>	<u>3,194,609</u>
1,684,658	-	(1,684,658)	-
1,254,915	-	-	1,254,915
479,300	355,503	-	834,803
<u>7,758,721</u>	<u>2,371,701</u>	<u>(1,684,658)</u>	<u>8,445,764</u>
-	-	-	-
348,870	-	-	348,870
<u>8,107,591</u>	<u>2,371,701</u>	<u>(1,684,658)</u>	<u>8,794,634</u>
3,809,688	-	-	3,809,688
436,293	47,211	-	483,504
549,428	-	-	549,428
<u>4,795,409</u>	<u>47,211</u>	<u>-</u>	<u>4,842,620</u>
752,619	103,918	-	856,537
344,473	393,785	-	738,258
<u>1,097,092</u>	<u>497,703</u>	<u>-</u>	<u>1,594,795</u>
<u>5,892,501</u>	<u>544,914</u>	<u>-</u>	<u>6,437,415</u>
883,922	89,994	-	973,916
115,310	-	-	115,310
304,659	-	-	304,659
52,261	-	-	52,261
<u>1,356,152</u>	<u>89,994</u>	<u>-</u>	<u>1,446,146</u>
625,711	52,135	-	677,846
<u>1,981,863</u>	<u>142,129</u>	<u>-</u>	<u>2,123,992</u>
<u>7,874,364</u>	<u>687,043</u>	<u>-</u>	<u>8,561,407</u>
<u>233,227</u>	<u>1,684,658</u>	<u>(1,684,658)</u>	<u>233,227</u>
456,530	-	-	456,530
(348,870)	-	-	(348,870)
107,660	-	-	107,660
<u>\$ 340,887</u>	<u>\$ 1,684,658</u>	<u>\$ (1,684,658)</u>	<u>\$ 340,887</u>

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PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidating Statements of Activities and Changes in Net Assets (Detail)
For the fiscal years ended September 30, 2019 and 2018

	2019	2018
Revenues, gains and other support:		
Earned revenue		
Ticket sales	\$ 1,521,972	\$ 1,238,774
Ticket handling revenue	348,618	421,511
Broadway presentations	897,275	1,501,152
	2,767,865	3,161,437
Contributions and outside support		
Contributions and sponsorships	1,789,478	2,178,585
Contributions to endowment fund	8,315	257,992
Educational, governmental, and project grants	498,734	546,077
Special support	21,500	211,955
	2,318,027	3,194,609
Investment gains (losses)	(79,023)	1,254,915
Rental and other income	741,097	834,803
Total revenues and gains	5,747,966	8,445,764
Net assets released from restriction, contributions	-	-
Net assets released from restriction, endowments	956,632	348,870
Total revenues, gains and other support	6,704,598	8,794,634
Expenses:		
Program activities:		
Production costs:		
Performance	3,101,634	3,809,688
Production	471,874	483,504
Music, education and outreach	430,296	549,428
	4,003,804	4,842,620
Sales and customer service costs:		
Marketing and public relations	1,197,927	856,537
Ticketing and customer service	851,901	738,258
	2,049,828	1,594,795
Total program activities	6,053,632	6,437,415
Supporting activities:		
Management and general:		
Administrative	1,280,838	973,916
Interest	117,702	115,310
Facilities	319,018	304,659
Depreciation and amortization	59,727	52,261
	1,777,285	1,446,146
Fundraising and development	628,891	677,846
Total supporting activities	2,406,176	2,123,992
Total expenses	8,459,808	8,561,407
Changes in net assets without donor restrictions	(1,755,210)	233,227
Changes in net assets with donor restrictions		
Investment gains (losses)	135,521	456,530
Net assets released from restriction, endowments	(956,632)	(348,870)
	(821,111)	107,660
Changes in net assets	\$ (2,576,321)	\$ 340,887

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
For the fiscal years ended September 30, 2019 and 2018

	2019			
	Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
Cash flows from operating activities:				
Changes in net assets	\$ (2,576,321)	\$ 720,562	\$ (720,562)	\$ (2,576,321)
Adjustments to reconcile changes in net assets to net cash used in operating activities:				
Depreciation and amortization	59,727	-	-	59,727
Decrease (increase) in value of endowment and investments	(1,046,236)	-	720,562	(325,674)
Decrease (increase) in value of investment in real estate	225,186	-	-	225,186
Decrease (increase) in value of beneficial interest in trusts	43,994	-	-	43,994
Change in assets and liabilities:				
Decrease (increase) in trade receivables	-	(1,224,618)	1,200,286	(24,332)
Decrease (increase) in contributions receivables	25,275	-	-	25,275
Decrease (increase) in prepaid expenses and supplies	9,196	(181)	-	9,015
Decrease (increase) in deferred charges	(299,930)	-	-	(299,930)
Increase (decrease) in accounts payable and accrued liabilities	1,810,743	(2,342)	(1,200,286)	608,115
Increase (decrease) in deferred ticket revenue	98,548	483,216	-	581,764
Increase (decrease) in other liabilities	76,043	-	-	76,043
Net cash provided by (used in) operating activities	<u>(1,573,775)</u>	<u>(23,363)</u>	<u>-</u>	<u>(1,597,138)</u>
Cash flows from investing activities:				
Purchases of investments in endowment	(8,315)	-	-	(8,315)
Proceeds from sales of investments in endowment	1,735,506	-	-	1,735,506
Acquisitions of capital assets	(92,605)	-	-	(92,605)
Net cash provided by (used in) investing activities	<u>1,634,586</u>	<u>-</u>	<u>-</u>	<u>1,634,586</u>
Cash flows from financing activities:				
Proceeds from short-term line of credit	2,422,000	-	-	2,422,000
Repayment of short-term line of credit	(2,020,000)	-	-	(2,020,000)
Repayment of long-term debt	(61,638)	-	-	(61,638)
Net cash provided by (used in) financing activities	<u>340,362</u>	<u>-</u>	<u>-</u>	<u>340,362</u>
Changes in cash and cash equivalents	401,173	(23,363)	-	377,810
Cash and cash equivalents, beginning of year	<u>154,827</u>	<u>75,153</u>	<u>-</u>	<u>229,980</u>
Cash and cash equivalents, end of year	<u>\$ 556,000</u>	<u>\$ 51,790</u>	<u>\$ -</u>	<u>\$ 607,790</u>
Cash paid during the fiscal year for interest	<u>\$ 117,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,702</u>

2018			
Portland Opera Association, Inc.	Portland Theater Productions, Inc.	Eliminations	Total
\$ 340,887	\$ 1,684,658	\$ (1,684,658)	\$ 340,887
52,261	-	-	52,261
(2,332,521)	-	1,684,658	(647,863)
(974,454)	-	-	(974,454)
(89,127)	-	-	(89,127)
-	(1,692,884)	477,040	(1,215,844)
387,004	-	-	387,004
(29,721)	6,886	-	(22,835)
(114,721)	100	-	(114,621)
1,463,815	36,289	(477,040)	1,023,064
150,347	(58,406)	-	91,941
130,503	-	-	130,503
<u>(1,015,727)</u>	<u>(23,357)</u>	<u>-</u>	<u>(1,039,084)</u>
(257,992)	-	-	(257,992)
615,183	-	-	615,183
<u>(18,572)</u>	<u>-</u>	<u>-</u>	<u>(18,572)</u>
<u>338,619</u>	<u>-</u>	<u>-</u>	<u>338,619</u>
1,200,000	-	-	1,200,000
(615,000)	-	-	(615,000)
(62,320)	-	-	(62,320)
<u>522,680</u>	<u>-</u>	<u>-</u>	<u>522,680</u>
(154,428)	(23,357)	-	(177,785)
<u>309,255</u>	<u>98,510</u>	<u>-</u>	<u>407,765</u>
<u>\$ 154,827</u>	<u>\$ 75,153</u>	<u>\$ -</u>	<u>\$ 229,980</u>
<u>\$ 115,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,310</u>

PORTLAND OPERA ASSOCIATION, INC. AND SUBSIDIARY

Governing Board and Management

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² Executive Committee

³ Finance Committee

⁴ Governance Committee

⁵ Leadership Development Committee

⁶ Strategic Planning Committee

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Governing Board and Management

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Lacey Rowberg

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Richard Seals, CPA CMA CFM CFE CGMA

Chief Financial Officer

Andrea Tichy

Director of Marketing & Communications

Tracy Wenckus

General Manager of Broadway

Inquiries and Other Information

FOR GENERAL INQUIRIES:

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PORTLAND, OR 97214
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ADMINISTRATION: 503-241-1407

OUR OFFICE HOURS
MONDAY–FRIDAY
9:00AM–5:00PM

FOR ADDITIONAL FINANCIAL INFORMATION:

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MISSION STATEMENT

The mission of Portland Opera is to inspire, challenge and uplift our audiences by creating productions of high artistic quality that celebrate the beauty and breadth of opera.

PORTLAND **OPERA**

THE HAMPTON OPERA CENTER
211 SE CARUTHERS STREET | PORTLAND, OR 97214

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