

PALM BEACH OPERA, INC.

Financial Statements

*For the year ended
May 31, 2019*

HAFER

Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Palm Beach Opera, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of Palm Beach Opera, Inc. ("the Opera"), which comprise the statement of financial position as of May 31, 2019, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year 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 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 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palm Beach Opera, Inc. as of May 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Palm Beach, Florida
November 12, 2019

PALM BEACH OPERA, INC.
STATEMENT OF FINANCIAL POSITION
May 31, 2019

Assets

Cash and cash equivalents	\$	1,569,244
Certificate of deposit - unrestricted (Notes 2 and 4)		694
Certificate of deposit - Florida Cultural Endowment Program Fund (Notes 2, 4 and 12)		1,200,000
Pledges receivable, net (Note 9)		3,126,934
Grants receivable		166,513
Prepaid expenses		75,734
Property and equipment, net (Note 10)		168,263
Beneficial interest in perpetual trust (Notes 5, 6 and 12)		284,067
Beneficial interest in remainder trust (Notes 6, 12, and 15)		145,306
Other assets		22,881
		22,881
Total assets	\$	<u>6,759,636</u>

Liabilities and net assets

Accounts payable and accrued liabilities	\$	28,139
Deferred revenues		675,499
Line of credit payable - Northern Trust (Note 8)		10,000
		10,000
Total liabilities		713,638
 Net assets		
Net assets without donor restrictions:		
Board designated (Note 13)		838,499
Undesignated		283,782
		283,782
Total net assets without donor restrictions		1,122,281
Net assets with donor restrictions (Note 12)		4,923,717
		4,923,717
Total net assets		6,045,998
Total liabilities and net assets	\$	<u>6,759,636</u>

See notes to financial statements.

PALM BEACH OPERA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended May 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating support and revenues			
Opera revenues	\$ 1,414,475	\$ -	\$ 1,414,475
Contributions	3,860,159	2,990,531	6,850,690
Contributions in-kind	42,189	-	42,189
Grant income	69,217	166,513	235,730
Special events	582,480	-	582,480
Investment income	4,173	-	4,173
Other income	16,949	-	16,949
Net assets released from restrictions	680,621	(680,621)	-
Total operating support and revenues	<u>6,670,263</u>	<u>2,476,423</u>	<u>9,146,686</u>
Operating expenses			
Program services:			
Production	3,054,435	-	3,054,435
Box office	106,709	-	106,709
Education	596,859	-	596,859
Supporting services:			
General and administrative	657,282	-	657,282
Development	889,156	-	889,156
Marketing	436,640	-	436,640
Total operating expenses	<u>5,741,081</u>	<u>-</u>	<u>5,741,081</u>
Change in net assets from operations	<u>929,182</u>	<u>2,476,423</u>	<u>3,405,605</u>
Non-operating revenues, support, gains, losses and expenses			
Depreciation expense	(31,568)	-	(31,568)
Unrealized loss on beneficial interest in remainder trust (Note 15)	-	(9,906)	(9,906)
Unrealized gain on beneficial interest in perpetual trust (Note 5)	-	9,006	9,006
Total non-operating revenues, support, gains, losses and expenses	<u>(31,568)</u>	<u>(900)</u>	<u>(32,468)</u>
Change in net assets	897,614	2,475,523	3,373,137
Net assets, beginning of the year	<u>224,667</u>	<u>2,448,194</u>	<u>2,672,861</u>
Net assets, end of the year	<u>\$ 1,122,281</u>	<u>\$ 4,923,717</u>	<u>\$ 6,045,998</u>

See notes to financial statements.

PALM BEACH OPERA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended May 31, 2019

Description	Box Office	Development	Education	General and Administrative	Marketing	Production	Total Operating Expenses
Advertising	\$ -	\$ 150	\$ -	\$ -	\$ 170,800	\$ -	\$ 170,950
Audio and visual	-	-	-	-	-	3,413	3,413
Computer expenses	-	3,525	-	27,437	10,650	9,607	51,219
Donor recognition	-	53,307	-	-	-	6,443	59,750
Dues and subscriptions	-	-	-	12,120	500	986	13,606
Employee benefits	8,218	18,765	144,130	3,748	10,899	12,502	198,262
Event costs	-	341,301	52,998	-	-	-	394,299
Housing	-	-	122,009	-	-	159,042	281,051
Insurance	-	-	-	79,114	-	-	79,114
Interest expense	-	-	-	498	-	-	498
Licenses, permits and fees	-	-	-	1,115	-	-	1,115
Occupancy	-	-	-	106,449	-	104,600	211,049
Office expense	1,263	7,412	2,976	39,734	14,004	6,303	71,692
Other employee costs	-	1,493	576	11,440	60	1,778	15,347
Other production costs	-	-	-	-	-	68,971	68,971
Outside services	4,280	30,081	7,723	132,812	56,119	1,975	232,990
Payroll and payroll taxes	90,442	407,776	226,562	192,703	168,808	1,959,092	3,045,383
Professional fees	-	35	-	21,277	-	15,000	36,312
Repairs and maintenance	-	-	-	375	-	7,679	8,054
Retirement contributions	2,506	11,442	2,932	5,225	4,800	8,965	35,870
Scenery and costumes	-	-	-	-	-	222,516	222,516
Supplies	-	-	3,351	-	-	9,059	12,410
Travel	-	13,869	33,602	6,355	-	103,463	157,289
Utilities	-	-	-	16,880	-	14,147	31,027
Venue	-	-	-	-	-	338,894	338,894
Total operating expenses	\$ 106,709	\$ 889,156	\$ 596,859	\$ 657,282	\$ 436,640	\$ 3,054,435	\$ 5,741,081

See notes to financial statements.

PALM BEACH OPERA, INC.
STATEMENT OF CASH FLOWS
For the year ended May 31, 2019

Cash flows from operating activities	\$ 3,373,137
Change in net assets	
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities:</u>	
Depreciation expense	31,568
Unrealized loss on beneficial interest in remainder trusts	9,906
Unrealized gain on beneficial interest in perpetual trusts	(9,006)
<u>Change in assets and liabilities:</u>	
Pledges receivable	(2,741,159)
Grants receivable	28,206
Prepaid expenses	(52,808)
Other assets	(7,830)
Accounts payable and accrued liabilities	(49,983)
Deferred revenues	<u>(39,640)</u>
Net cash provided by operating activities	542,391
Cash flows from investing activities	
Purchases of property and equipment	<u>(21,087)</u>
Net increase in cash and cash equivalents	521,304
Cash and cash equivalents, beginning of year	<u>1,047,940</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,569,244</u></u>
Supplemental disclosures of cash flow information:	
Cash paid for income taxes	<u>\$ -</u>
Cash paid for interest	<u>\$ 498</u>

See notes to financial statements.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2019

NOTE 1: Organization

Palm Beach Opera, Inc. ("the Opera") is a not-for-profit organization incorporated in the State of Florida in May 1962. The Opera is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Opera's mission is to produce live opera at an international standard of excellence and to enrich the life of the communities it serves with a diverse offering of educational programs, concerts and lectures. Ticket sales and general contributions from donors represent the Opera's largest sources of revenue. Palm Beach Opera, Inc. is located in West Palm Beach, Florida.

NOTE 2: Summary of significant accounting policies

Net assets

The financial statements of the Opera have been prepared on the accrual basis of accounting in accordance with accounting principles for not-for-profit organizations whereby revenues and gains are recorded when earned and expenses and losses are recorded when incurred. Resources are classified for accounting and reporting purposes into two categories of net assets – without donor restrictions and with donor restrictions – according to externally (donor) imposed restrictions.

Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Opera to utilize funds in furtherance of its mission. Revenues received, and expenses incurred in conducting the programs and services of the Opera are presented in the financial statements as without donor restrictions operating funds that increase or decrease net assets without donor restrictions.

Net assets with donor restrictions comprise of both temporarily and permanently restricted donations. Temporarily restricted donations carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because the Opera has fulfilled the restrictions. Permanently restricted donations are those that are subject to donor-imposed restrictions that will never lapse, thus requiring the assets to be maintained permanently as endowment funds.

Net realized and unrealized appreciation on endowment funds are classified in the financial statements as part of net assets without donor restrictions or net assets with donor restrictions based on donors' restrictions and interpretations of Florida law.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

Cash and cash equivalents

The Opera considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents.

Prepaid expenses

Expenses applicable to the next fiscal year are included in prepaid expenses. Included in prepaid expenses at May 31, 2019 are insurance coverage, future rent, various administrative costs, and costs associated with future productions.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 2: Summary of significant accounting policies (continued)

Certificates of deposit

Certificates of deposit consist of a certificate with an original maturity of more than 90 days. The certificates are carried at cost plus any interest earned and reinvested. The Opera, at least annually, assesses for any other-than-temporary impairment, and as of the date of these financial statements, the Opera does not believe any impairment exists. Also see Note 4.

Property and equipment

Property and equipment are stated at cost when purchased or at fair value at the date of donation. The Opera generally capitalizes all expenditures for these items in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally five to ten years for furniture and equipment and twenty to forty years for building and improvements. Amortization of assets under capital leases, when applicable, is included in depreciation expense. Also see Note 10.

Deferred revenues

Deferred revenues represent funds received from advance ticket sales for the upcoming season of the Opera, as well as certain other receipts applicable to the 2019 – 2020 fiscal year.

Contributions

The Opera follows FASB ASC 958, which requires that contributions received and made, including unconditional promises to give, shall be recognized as revenue or gains or expenses, respectively, in the period received or made. Unconditional promises to give are reported at the present value of estimated future cash flows, using a discount rate that approximates the rate of government securities (see Note 9).

All contributions are considered to be available for without restriction use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restrictions) or are restricted by the donor for specific purposes (purpose restriction) are reported as with donor restrictions support that increases this net asset class.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as net assets without donor restrictions.

From time to time, the Opera is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established, and they are not recognized in the accompanying financial statements.

Donated goods and services

For the year ended May 31, 2019, the Opera received contributed goods and services for advertising and other services, which totaled \$42,189. This amount is reflected as in-kind contributions and expenses in the accompanying financial statements based upon estimated fair values assigned to them.

Additionally, a significant number of volunteers donated their time to the Opera's administration, educational programs, and fundraising campaigns. The value of donated volunteer time is not reflected in the accompanying financial statements, as it is presently not subject to objective valuation.

Short-term financial instruments

The carrying amount of the Opera's financial instruments, which include cash and cash equivalents, pledges and grants receivable, accounts payable and accrued liabilities, and other assets and liabilities, approximate their fair values due to their short-term maturities.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 2: Summary of significant accounting policies (continued)

Advertising

The Opera expenses the cost of advertising as incurred. Advertising expense was \$170,950 for the year ended May 31, 2019.

Income taxes

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of the State of Florida, the Opera is exempt from taxes on income other than unrelated business income. Since the Opera had no net taxable unrelated business income for the year ended May 31, 2019, no provision for income taxes has been made. The Opera has been classified as a publicly supported organization that is not a private foundation under Section 501(c)(3) of the Code. The Opera's federal income tax returns for 2016 – 2018 remain subject to possible examination by the Internal Revenue Service.

Compensated absences

Employees of the Opera are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. The Opera has a use it or lose it prior to fiscal year end policy. Accordingly, no liability has been recorded in the accompanying financial statements. The Opera's policy is to recognize the costs of compensated absences when paid to employees.

Functional allocation of expenses

The costs of providing the various services the Opera offers have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs may have been allocated among the programs and supporting services benefited.

Recently issued accounting guidance, not yet adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "*Revenue from Contracts with Customers*". This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issues ASU No. 2015-14, which deferred, by one year, the effective date for the revenue reporting standard. For non-public entities, such as the Opera, these new ASUs are effective for annual periods beginning after December 15, 2018. Effective June 1, 2019, the Opera has adopted the new revenue recognition requirements as required; the Opera does not believe the effects will have a material effect on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*". The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Opera, the new standard is effective for annual periods beginning after December 15, 2019. While the Opera expects the adoption of this standard to result in an increase to its reported assets and liabilities, the Opera has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 2: Summary of significant accounting policies (continued)

Subsequent events

Subsequent events have been evaluated through November 12, 2019, the date the financial statements were available to be issued in accordance with FASB ASC 855.

NOTE 3: Liquidity and availability of financial assets

The Opera financial assets available to meet cash needs for general expenditure within one year at May 31, 2019 amounted to \$4,142,704. As of May 31, 2019, \$713,638 was not available for general use because of contractual or donor-imposed restrictions within one year.

NOTE 4: Certificates of deposit

Unrestricted and restricted certificates of deposits at May 31, 2019 consist of the following:

Certificate of deposit, interest rate: 0.345% original issuance date: August 16, 2013; maturity date: August 16, 2019	<u>\$ 1,200,694</u>
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Florida Cultural Endowment Program

The Florida Cultural Endowment Program restricted investments were established in accordance with the terms of the Trust Agreements dated November 7, 1996 and August 4, 1999, between the State of Florida and the Opera (see Note 12).

See Note 16.

NOTE 5: Beneficial interest in perpetual trust

The Opera is a beneficiary of an irrevocable trust created by a donor, the assets of which are held by a third-party trustee at a local financial institution. Under the terms of the agreement, the Opera is to receive the annual income from the trust in perpetuity. The interest in the trust was valued at \$284,067, at May 31, 2019, based on the fair value of the trust (see Note 6 for additional information regarding fair value) and is classified as net assets with donor restrictions in the accompanying financial statements. At May 31, 2019, the Opera recorded unrealized gain of \$9,006 related to the trust.

NOTE 6: Fair value measurements

FASB ASC 820, *Fair Value Measurement*, established a fair value hierarchy that categorizes the inputs to valuation methods, used to measure fair value, into three unique levels, they are:

Level 1 inputs – are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Opera can access at the measurement date. Level 1 inputs are given the highest precedence.

Level 2 inputs – are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. An example of a Level 2 input would be quoted prices in active markets for similar, but not identical, assets or liabilities.

Level 3 inputs – are unobservable for the asset or liability. Level 3 inputs are given the lowest precedence.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 6: Fair value measurements (continued)

The following schedule details the fair value of the Opera's assets, by level, at May 31, 2019:

<u>Description</u>	<u>Fair Value at May 31, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in remainder trust	\$ 145,306	145,306	-	-
Beneficial interest in perpetual trust	\$ 284,067	284,067	-	-

NOTE 7: Employee benefit plan – 403(b)

The Opera has a 403(b) Plan ("the Plan") for the benefit of its employees. The Opera, at its discretion, may contribute up to 3% of an employee's salary to the Plan. Employees may contribute up to maximum allowable IRS limits. The amount of expense related to the Plan for the year ended May 31, 2019 was \$35,870.

NOTE 8: Line of credit payable – Northern Trust

On September 25, 2016, the Opera renewed its existing line of credit in the amount of \$700,000 with Northern Trust. for short term working capital. The line of credit is for a period of three years, expiring September 25, 2019 and bears a variable interest rate of LIBOR rate plus 2.75%. At May 31, 2019, the interest rate was 5.18%. The line of credit is payable in monthly installments of interest only, until September 25, 2019, at which time all principal and accrued interest are payable in full. The line of credit is collateralized by the Opera's certificate of deposit held at Northern Trust. At May 31, 2019, the outstanding balance on the line of credit is \$10,000. On September 26, 2019, the line was paid in full.

NOTE 9: Pledges receivable

At May 31, 2019 the Opera has recorded net pledges receivable in the amount of \$3,126,934. This amount represents signed, irrevocable amounts due from donors in future periods. In accordance with the terms of the pledge agreements, the amounts are due during future periods and accordingly have been recorded as net assets with donor restrictions until receipt of the funds at which time the funds will be released from restriction. The Opera believes the pledges are fully collectible, and therefore, has not recorded an allowance for uncollectible accounts. The pledges receivable are due to be received, during the fiscal years ending, as follows:

May 31, 2020	\$ 1,414,784
May 31, 2021	1,250,000
May 31, 2022	250,000
May 31, 2023	200,000
May 31, 2024	100,000
	<u>3,214,784</u>
Less: present value discount (Note 2)	<u>(87,850)</u>
Pledges receivable, net	<u>\$ 3,126,934</u>

The Opera applies a discount rate of 2% to its pledges with terms in excess of one year.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 10: Property and equipment

Property and equipment at May 31, 2019 consists of the following:

Equipment	\$	153,370
Leasehold improvements		196,897
Furniture and fixtures		20,224
Costumes and scenery		<u>54,933</u>
		425,424
Less: accumulated depreciation		<u>(257,161)</u>
Net property and equipment	\$	<u>168,263</u>

Depreciation expense for the year ended May 31, 2019 was \$31,568.

NOTE 11: Concentration of risk

The Opera maintains its cash in bank at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At May 31, 2019, the Opera has uninsured deposits in the amount of \$2,350,344. The Opera believes that the financial institutions it uses have sufficient ratings to mitigate this risk.

NOTE 12: Net assets with donor restrictions

Net assets with temporary donor restrictions

Net assets with temporary donor restrictions consist of the following at May 31, 2019:

Cash on hand	\$	165,680
Grants receivable		166,513
Beneficial interest in remainder trust (Note 15)		145,306
Pledges receivable, net discount		<u>2,962,150</u>
Total	\$	<u>3,439,649</u>

Net assets with permanent donor restrictions

The Opera was awarded two grants (first in 1996 and second in 1999) totaling \$480,000 from the State of Florida's Cultural Endowment Program. The grants require the Opera to deposit these funds along with \$720,000 of the Opera's funds in a pre-approved investment plan under the agreement. The Opera is entitled to use the investment income which these funds earn but cannot invade the principal. Therefore, total funds with permanent donor restrictions related to the grants were \$1,200,000. The Opera, at the discretion of the Board of Directors, has the option, at any time, to return the \$480,000 to the State of Florida. Upon this return of capital to the State, the Opera's portion of \$720,000 would become without donor restriction funds for use in operations.

In addition, the beneficial interest in perpetual trust which had a fair value of \$284,067 at May 31, 2019, is also recorded as net assets with permanent donor restrictions (see Notes 5 and 6 for additional information).

Accordingly, assets totaling \$1,484,068 are net assets with permanent donor restrictions at May 31, 2019.

PALM BEACH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
May 31, 2019

NOTE 13: Net assets without donor restrictions - board designated

On September 27, 2018, the Opera's Board of Directors approved the establishment of a Board designated operating reserve to support the Opera's day to day operations in the event of unforeseen shortfalls. The Board designated operating reserve is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. At May 31, 2019, the balance of the board designated operating reserve was \$838,499 and is included in the accompanying statement of financial position.

NOTE 14: Commitments and contingencies

Effective, July 1, 2016, the Opera entered into a five-year lease, ending July 31, 2021 with KAS Gold, LLC for administrative office space. The lease calls for annual rent increase of 3%. For the year ended May 31, 2019, office lease expense was \$106,449. The future lease payments are as follows:

May 31, 2020	\$ 107,546
May 31, 2021	110,772
May 31, 2022	18,552
	<u>\$ 236,870</u>

NOTE 15: Beneficial interest in remainder trust

The Opera is the beneficiary of a charitable remainder uni-trust. According to the trust agreement, the Opera will receive a distribution from the trust, of 100% of the remaining assets in accordance with the trust agreement, upon the death of the final participant in each trust. At May 31, 2019, the fair value of the trust is \$145,306. As of May 31, 2019, the Opera recorded \$9,906 of unrealized loss related to the trust.

NOTE 16: Subsequent events

Florida Cultural Endowment Program Fund

On August 27, 2019, the Opera purchased FDIC secured certificates of deposit in the amount of \$1,202,188, with interest rates ranging from 1.70% to 1.80% and maturity dates from August 28, 2020 to September 30, 2020.

Net assets without donor restrictions - board designated

On August 15, 2019, the Opera purchased FDIC secured certificates of deposit in the amount of \$800,000, with interest rate of 1.75% and maturity dates from August 25, 2020 to September 4, 2020.

Line of credit payable – Northern Trust

On September 25, 2019, the Opera extended its line of credit in the amount of \$684,000 with Northern Trust, N.A. for short term working capital. The line of credit expires September 25, 2020 and bears a variable interest rate using the LIBOR rate plus 2.75%. The line of credit is collateralized by the Opera's portion of the \$1,200,000 certificates of deposit held at Northern Trust.