



Financial Statements
June 30, 2019 and 2018

The Minnesota Opera

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Independent Auditor's Report

The Board of Directors
The Minnesota Opera
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Minnesota Opera (the Opera), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended June 30, 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Opera as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Policy

As discussed in Note 1 to the financial statements, the Opera has adopted the provisions of Financial Statements Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018, financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Minneapolis, Minnesota
November 22, 2019

The Minnesota Opera
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 770,085	\$ 1,576,306
Contributions and grants receivable, net (Note 4)	10,679,510	1,914,516
Accounts receivable	374,003	450,481
Deferred production expenses (Note 5)	381,441	385,453
Prepaid expenses	137,395	86,628
Property and equipment, net (Note 6)	4,641,351	2,905,665
Investments (Note 3)	16,764,259	9,864,062
Beneficial interest in perpetual trusts (Note 3)	529,864	7,944,475
	\$ 34,277,908	\$ 25,127,586
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 239,799	\$ 380,057
Accrued expenses	213,659	296,062
Deferred revenue	1,741,060	1,663,149
Line of credit (Note 7)	750,000	-
Notes and capital lease payable (Note 8)	1,014,132	1,000,000
	3,958,650	3,339,268
 Net Assets		
Without donor restrictions		
Board-designated	500,000	500,000
Undesignated	2,700,061	81,779
	3,200,061	581,779
With donor restrictions (Note 9)		
Perpetual in nature	20,191,480	17,674,244
Accumulated earnings	216,919	223,109
Purpose restrictions	6,340,251	2,679,499
Time restricted for future periods	370,547	629,687
	27,119,197	21,206,539
	30,319,258	21,788,318
	\$ 34,277,908	\$ 25,127,586

The Minnesota Opera
Statements of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Opera season/admissions	\$ 2,703,354	\$ -	\$ 2,703,354
Outreach and education	137,727	-	137,727
Rental and other	176,338	-	176,338
Co-production income	21,484	-	21,484
Other	27,833	-	27,833
Contributions and grants	8,017,985	9,487,592	17,505,577
Special event revenue	536,387	-	536,387
Less cost of direct benefits to donors	(55,657)	-	(55,657)
	<u>480,730</u>	<u>-</u>	<u>480,730</u>
In-kind contributions	14,148	-	14,148
Net investment return	45,245	812,078	857,323
Change in value of beneficial interest in perpetual trusts	-	(599,046)	(599,046)
Net assets released from restriction			
Distribution pursuant to endowment spending-rate	818,268	(818,268)	-
Purpose releases	2,345,011	(2,345,011)	-
Time releases	624,687	(624,687)	-
	<u>15,412,810</u>	<u>5,912,658</u>	<u>21,325,468</u>
Expenses			
Program services			
Production expenses	8,930,701	-	8,930,701
Outreach and education	621,072	-	621,072
Total program expenses	<u>9,551,773</u>	<u>-</u>	<u>9,551,773</u>
Administrative and general	1,847,481	-	1,847,481
Fundraising expenses	1,395,274	-	1,395,274
	<u>12,794,528</u>	<u>-</u>	<u>12,794,528</u>
Change in Net Assets	2,618,282	5,912,658	8,530,940
Net Assets, Beginning of Year	<u>581,779</u>	<u>21,206,539</u>	<u>21,788,318</u>
Net Assets, End of Year	<u>\$ 3,200,061</u>	<u>\$ 27,119,197</u>	<u>\$ 30,319,258</u>

The Minnesota Opera
Statements of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Opera season/admissions	\$ 2,959,566	\$ -	\$ 2,959,566
Outreach and education	125,717	-	125,717
Rental and other	147,985	-	147,985
Co-production income	344,839	-	344,839
Other	184,029	-	184,029
Contributions and grants	5,083,075	944,790	6,027,865
Special event revenue	641,832	-	641,832
Less cost of direct benefits to donors	(72,155)	-	(72,155)
	<u>569,677</u>	<u>-</u>	<u>569,677</u>
In-kind contributions	1,122	-	1,122
Net investment return	25,320	515,781	541,101
Distribution from and change in value of beneficial interest in perpetual trusts	410,827	57,799	468,626
Net assets released from restriction			
Distribution pursuant to endowment spending-rate	469,765	(469,765)	-
Purpose releases	2,183,088	(2,183,088)	-
Time releases	542,084	(542,084)	-
	<u>13,047,094</u>	<u>(1,676,567)</u>	<u>11,370,527</u>
Expenses			
Program services			
Production expenses	9,745,304	-	9,745,304
Outreach and education	446,963	-	446,963
Total program expenses	<u>10,192,267</u>	<u>-</u>	<u>10,192,267</u>
Administrative and general	1,704,148	-	1,704,148
Fundraising expenses	1,130,865	-	1,130,865
	<u>13,027,280</u>	<u>-</u>	<u>13,027,280</u>
Change in Net Assets	19,814	(1,676,567)	(1,656,753)
Net Assets, Beginning of Year	<u>561,965</u>	<u>22,883,106</u>	<u>23,445,071</u>
Net Assets, End of Year	<u>\$ 581,779</u>	<u>\$ 21,206,539</u>	<u>\$ 21,788,318</u>

The Minnesota Opera
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Administrative and General	Fundraising	Total
	Production	Outreach and Education	Total			
Personnel	\$ 5,503,123	\$ 478,710	\$ 5,981,833	\$ 1,187,159	\$ 963,485	\$ 8,132,477
Production Materials	1,084,479	25,570	1,110,049	-	4,079	1,114,128
Theater Costs	808,543	8,698	817,241	71,089	1,894	890,224
Travel and Entertainment	316,897	35,570	352,467	92,651	81,607	526,725
Professional Fees	26,986	10,120	37,106	230,973	127,343	395,422
Advertising and Promotion	242,302	4,358	246,660	-	7,387	254,047
Depreciation	192,289	5,207	197,496	15,708	14,707	227,911
Printing and Postage	111,429	31,968	143,397	26,036	38,307	207,740
Other Expenses	106,532	3,667	110,199	23,954	34,238	168,391
Royalties	146,787	150	146,937	-	-	146,937
Dues and Subscriptions	49,291	1,113	50,404	47,901	41,506	139,811
Bank Fees and Charges	79,697	-	79,697	16,364	9,947	106,008
Utilities	74,838	2,026	76,864	6,114	5,724	88,702
Office	17,001	8,946	25,947	29,349	21,411	76,707
Information Technology	29,520	136	29,656	36,188	2,748	68,592
Insurance	57,391	1,554	58,945	4,688	4,390	68,023
Repairs and Maintenance	48,151	1,304	49,455	3,934	3,683	57,072
Conferences and Seminars	11,295	1,975	13,270	16,293	12,572	42,135
Equipment	24,150	-	24,150	6,801	2,433	33,384
Interest	-	-	-	32,279	-	32,279
Bad Debts	-	-	-	-	17,813	17,813
Total expenses	\$ 8,930,701	\$ 621,072	\$ 9,551,773	\$ 1,847,481	\$ 1,395,274	\$ 12,794,528

The Minnesota Opera
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 8,530,940	\$ (1,656,753)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	227,911	196,516
Change in value of beneficial interest in perpetual trust	599,046	(57,799)
Net investment return	(857,323)	(556,830)
Contributions restricted to endowment	(3,116,282)	(110,722)
Changes in operating assets and liabilities		
Contributions and grants receivable	(8,764,994)	1,170,101
Accounts receivable	76,478	(84,857)
Deferred production expenses	4,012	294,031
Prepaid expenses	(50,767)	297,875
Accounts payable	(140,258)	246,496
Accrued expenses	(82,403)	-
Deferred revenue	77,911	(400,225)
Net Cash used for Operating Activities	(3,495,729)	(662,167)
Cash Flows from Investing Activities		
Purchases of investments	(6,902,874)	(15,181)
Purchase of property and equipment	(1,945,848)	(439,922)
(Addition to) withdrawal from endowment	860,000	537,161
(Addition to) withdrawal from perpetual trusts	6,815,565	-
Net Cash from (used for) Investing Activities	(1,173,157)	82,058
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	3,116,282	110,722
Borrowing on line of credit	750,000	-
Principal payments on notes payable and capital lease payable	(3,617)	-
Net Cash from Financing Activities	3,862,665	110,722
Net Change in Cash and Cash Equivalents	(806,221)	(469,387)
Cash and Cash Equivalents, Beginning of Year	1,576,306	2,045,693
Cash and Cash Equivalents, End of Year	\$ 770,085	\$ 1,576,306
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 32,279	\$ 28,363
Supplemental Disclosure of Non-cash Financing Activity		
Equipment financed through capital lease arrangement	\$ 17,748	\$ -

Note 1 - Nature of Organization and Significant Accounting Policies

Mission Statement

The Minnesota Opera (the Opera) changes lives by bringing together artists, audiences, and community, advancing the art of opera for today and for future generations.

Nature of Organization

Minnesota Opera was formed as a 501(c)(3) corporation organized for charitable, artistic and educational purposes, primarily in the St. Paul/Minneapolis area.

Program Accomplishments

Minnesota Opera is regarded by the opera field in the United States as one of the industry's most ambitious companies, producing standard repertoire, world premieres, and less well-known works. Minnesota Opera has been a resident company of the Ordway Center for the Performing Arts in downtown St. Paul since 1985. Minnesota Opera regularly receives national and international acclaim as a producer and creator of opera.

During its 56th season, Minnesota Opera produced 5 mainstage operas *La Rondine* (Puccini), the Pulitzer-Prize winning *Silent Night* (Puccini), *The Italian Straw Hat* (N. Rota), *The Fix* (World-Premiere, Puckett), and *La Traviata* (Verdi). Productions featured national and internationally acclaimed guest artists, Minnesota Opera Resident Artists, and the Minnesota Opera chorus and orchestra.

Minnesota Opera supports learning as a lifelong pursuit by offering education programs to youth and adults.

Early Childhood: Stories Sing is a singing storybook program, wherein professional teaching artists partner with libraries and community centers to bring opera to life for the youngest learners. This season, Minnesota Opera also produced the regional premiere of NOOMA, an opera designed specifically for audiences 0-2, co-commissioned in partnership with Carnegie Hall and San Francisco Opera. **K-12:** Minnesota Opera partners with 18-24 schools annually on teaching artist residencies. Special Student Performances complement residencies by providing classrooms the opportunity to experience a fully produced mainstage opera.

Adult: Initiatives include the Behind the Curtain lecture series and Opera Insights, an information session held prior to each performance in the lobby of the theater, providing unparalleled access to expert insight on opera history and production. **Creative Aging:** Programs include Voices of Opera (a choir of active adults age 55+) and Opera Connections (teaching artist residencies in assisted living facilities). Each supports healthy aging by fostering social connection and an empowering relationship with the art form.

Minnesota Opera also offered several specialized learning programs:

Project Opera is a training program for young singers in which students receive both rigorous weekly instruction and performance opportunities. The latter includes an annual production entirely by youth, for youth (the only one of its kind in the country); in the 2018-19 season, the production was a double bill of *The Gondoliers* and *Brundibar*. The company also offers summer camp opportunities. **Music Out Loud** is a high-frequency, afterschool program for middle-school youth that aims to create opportunity by supporting skills development and social emotional skills (planning for success, teamwork, leadership, confidence and perseverance). This past season, the program expanded to two schools. **Technical Theater Program** aims to introduce and train students in performing arts technical and production skills. Through hands-on learning, the program builds awareness, excitement and real-life skills for jobs in technical production. A tiered initiative, Minnesota Opera currently offers Introductory Workshops and in the 2018-19 season piloted a mentorship tier.

Minnesota Opera's nationally recognized Resident Artist Program nurtures the next generation of opera artists, providing them a critical bridge between conservatory training and a professional career. In the 2018-19 season, Minnesota Opera supported the careers of ten emerging opera professionals including seven singers, two pianists/coaches, and one stage director. Participants received nine months of intensive professional development, including master classes, audition training, and the chance to network with agents and other companies. In addition to participating in Minnesota Opera's productions, these artists were an integral part of the company's outreach and education efforts, serving as operatic ambassadors throughout the community both in schools and at special events.

Cash and Cash Equivalents

Minnesota Opera considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes of Minnesota Opera are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consists primarily of non-interest-bearing amounts due for various purposes. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. There was no allowance determined to be necessary as of June 30, 2019 and 2018.

Contributions and Grants Receivable

Unconditional contributions and grants receivable expected to be collected within one year are recorded at net realizable value. Unconditional contributions and grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable. At June 30, 2019 and 2018, the allowance was \$50,776 and \$34,963, respectively.

Deferred Production Expenses

Expenses related to production incurred in years prior to a scheduled performance are deferred until the year of performance. These expenses may include construction of sets, props, and costumes as well as certain licensing costs or commissioning fees paid to composers and librettists.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 with a life greater than two years are recorded as property and equipment. Depreciation is computed using the straight-line method over the estimated useful property and equipment lives ranging from 3 to 40 years, or in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Minnesota Opera reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2019 and 2018.

Investments

Minnesota Opera has invested in four limited partnerships (the partnerships). The investment manager revalues the partnerships monthly and independent audits are performed on an annual basis. Minnesota Opera's investment in the partnerships is reported at the estimated fair value of Minnesota Opera's share of the partnerships, which is evaluated and determined by Minnesota Opera with assistance from the investment manager.

Minnesota Opera's investment in a private equity limited partnership is reported at the estimated fair value of Minnesota Opera's share of the partnership, which is evaluated and determined by Minnesota Opera with assistance from its custodian.

Investment purchases are recorded at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values on the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the values of investment securities will occur in the near term and that those changes could materially affect the balance of investments in the financial statements.

Beneficial Interest in Perpetual Trusts

Minnesota Opera has been named as an irrevocable beneficiary of perpetual trusts (the trusts) held and administered by a third-party. The trusts provide for the distribution of net income of the trusts to Minnesota Opera; however, Minnesota Opera does not select the investments held by the trusts. After the 20th anniversary of the trusts, the Trustees may vote to unanimously terminate the trusts and distribute the proceeds to Minnesota Opera's endowment. During the fiscal year ending June 30, 2019, Minnesota Opera received the distribution of one of the trusts and the funds were invested.

A donor restricted contribution is recorded in the statements of activities on the date Minnesota Opera receives notice of a beneficial interest, and a beneficial interest in a perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Minnesota Opera also has a beneficial interest in another trust held by a third-party consisting of the right to receive the residual value upon trust termination. The beneficial interest in this trust is recorded at the present value of the expected future cash flows.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Minnesota Opera reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net asset released from restrictions.

Revenue and Revenue Recognition

Revenue from ticket sales that relate to a specific production is recognized during the time period of the performance. Revenues received prior to a performance are deferred. Program fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration and fundraising activities; however, the services of most volunteers have not been reflected in the statements as donated services since there is no objective measurement basis and they do not meet generally accepted accounting principles' criteria for recognition. Contributed goods are recorded at fair value at the date of donation. Donated services are recorded at the respective fair values of the services received. No significant contributions of such goods are services were received during the years ended June 30, 2019 and 2018, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Such costs were \$254,047 and \$353,942 for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, repairs and maintenance, and utilities, which are allocated based on square footage, as well as personnel costs and telephone, which are allocated based on estimates of time and effort.

Income Taxes

Minnesota Opera is a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Minnesota Opera is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Minnesota Opera is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. Minnesota Opera files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business activity.

Minnesota Opera believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Minnesota Opera would recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if such interest and penalties were incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by Minnesota Opera to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in these accounts. Credit risk associated with accounts receivable and contributions receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors with a long history of support. Investments are made by diversified investment managers whose performance is monitored by Minnesota Opera and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuations on a year-to-year basis, Minnesota Opera and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Change in Accounting Policy

As of July 1, 2018, the Minnesota Opera adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Minnesota Opera's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Minnesota Opera's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Minnesota Opera's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The ASU is effective for the Minnesota Opera and has been adopted for the year ended June 30, 2018, resulting in a restatement as a result of the adoption (Note 13).

The amendments should be applied on a retroactive basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Minnesota Opera has elected not to present comparative information for these amendments.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Minnesota Opera has evaluated subsequent events through November 22, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2019
Cash and cash equivalents	\$ 770,085
Contributions and grants receivable	8,466,406
Accounts receivable	304,003
Distribution pursuant to endowment spending-rate	789,948
	\$ 10,330,442

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts for general use.

The board-designated endowment of \$500,000 is subject to an annual spending rate as described in Note 10. Although Minnesota Opera does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

Additionally, the Minnesota Opera maintains a \$1,000,000 line of credit, as discussed in more detail in Note 7. As of June 30, 2019, \$250,000 remained available on the Minnesota Opera's line of credit.

Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Minnesota Opera can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, Minnesota Opera develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Minnesota Opera's assessment of the quality, risk or liquidity profile of the asset or liability.

The fair values of beneficial interests in perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

Minnesota Opera uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. The Opera uses NAV per share (or its equivalent) as a practical expedient to estimate the fair values of the funds invested in limited partnerships which do not have readily determinable fair values.

Minnesota Opera has invested in four limited partnerships with Okabena Advisors. Okabena Advisors provides a highly strategic investment management program that provides access, diversification, and integrated risk management. Those limited partnerships (the partnerships) are Okabena Fixed Income Fund (OFIF), Okabena Diversified Equity Fund (ODEF), Okabena Marketable Alternatives Fund (OMAF), and Okabena Special Opportunities Fund (OSOF). The fair market value of each partnership is estimated monthly and calculated quarterly. Okabena Advisors provides 180 days liquidity for these positions. Minnesota Opera may discontinue the relationship with Okabena Advisors upon six-months' notice. Minnesota Opera retains control of the asset allocation between the four partnerships but is obligated to allow Okabena Advisors to have discretion within the four asset classes. Okabena Advisors manages the partnerships in which Minnesota Opera invests, tracks the investments underlying NAVs, and assists management with evaluation and determination of estimated fair value.

Minnesota Opera also has an investment in a private equity limited partnership which is not tradable. The fair value of Minnesota Opera's partnership interest is calculated quarterly. Minnesota Opera must retain its interest in the partnership for a ten-year period, with options for subsequent one-year extensions. The partnership invests in venture capital and leveraged buyout interests. Minnesota Opera initially invested \$390,000 in the fund.

Assets measured at fair value on a recurring basis at June 30, 2019 and 2018, are as follows:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</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>
<u>June 30, 2019</u>				
Beneficial interest in perpetual trusts	\$ 529,864	\$ -	\$ -	\$ 529,864
Investments measured at net asset value (a) Funds invested in limited partnerships	<u>16,764,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,294,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,864</u>
<u>June 30, 2018</u>				
Beneficial interest in perpetual trusts	\$ 7,944,475	\$ -	\$ -	\$ 7,944,475
Investments measured at net asset value (a) Funds invested in limited partnerships	<u>9,864,062</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,808,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,944,475</u>

(a) In accordance with Subtopic 820-10, certain investments were measured at net asset value per share (or its equivalent) and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Below is a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018:

	<u>Beneficial Interest in Perpetual Trusts</u>
<u>Year Ended June 30, 2019</u>	
Balance, June 30, 2018	\$ 7,944,475
Total gains or losses included in change in net assets	(599,046)
Purchases, issuances, sales and settlements	
Purchases	-
Sales	(6,815,565)
	<u>\$ 529,864</u>
Balance, June 30, 2019	<u>\$ 529,864</u>
<u>Year Ended June 30, 2018</u>	
Balance, June 30, 2017	\$ 7,886,676
Total gains or losses included in change in net assets	57,799
Purchases, issuances, sales and settlements	
Purchases	-
Sales	-
	<u>\$ 7,944,475</u>
Balance, June 30, 2018	<u>\$ 7,944,475</u>

Investments in certain entities that calculate NAV per share as a practical expedient are as follows at June 30, 2019 and 2018:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>June 30, 2019</u>					
Funds invested in limited partnerships	4	\$ 16,764,259	\$ -	Quarterly	180 days
<u>June 30, 2018</u>					
Funds invested in limited partnerships	4	9,864,062	-	Quarterly	180 days

Note 4 - Contributions and Grants Receivable

Contributions and grants receivable are estimated to be collected as follows at June 30, 2019 and 2018:

	2019	2018
Within one year	\$ 10,366,029	\$ 821,310
In one to five years	375,175	1,186,191
	10,741,204	2,007,501
Less discount to net present value (3%)	(10,918)	(58,022)
Less allowance for uncollectible contributions and grants	(50,776)	(34,963)
	\$ 10,679,510	\$ 1,914,516

At June 30, 2019, five donors accounted for approximately 95% of total contributions and grants receivable, and as of June 30, 2018, four donors accounted for approximately 57% of total contributions and grants receivable, respectively.

Note 5 - Deferred Production Expenses

Deferred production expenses are estimated as follows at June 30, 2019 and 2018:

	2019	2018
Current deferred production expenses	\$ 202,229	\$ 138,407
Noncurrent deferred production expenses	179,212	247,046
	\$ 381,441	\$ 385,453

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Land	\$ 2,253,100	\$ 1,110,000
Equipment	1,654,694	1,591,125
Buildings	4,984,970	4,228,042
	8,892,764	6,929,167
Less accumulated depreciation	(4,251,413)	(4,023,502)
	\$ 4,641,351	\$ 2,905,665

Note 7 - Line of Credit

Minnesota Opera maintains a revolving line of credit with a bank that bears interest at the LIBOR rate plus 2.6%, and whose draws are not to exceed \$1,000,000, that expires on January 31, 2020. The line of credit is collateralized by substantially all unrestricted assets of Minnesota Opera and requires that pledge receipts be utilized to pay down outstanding line of credit balances. There was a balance due of \$750,000 and \$0 on the note as of June 30, 2019 and 2018, respectively.

As of September 10, 2019, the line of credit was increased to \$3,000,000.

Note 8 - Notes Payable and Capital Lease Payable

Notes payable consists of:

	2019	2018
2.75% note payable, due in annual interest installments of \$25,700 through November 2025, at which time the outstanding principal amount is also due, unsecured.	\$ 1,000,000	\$ 1,000,000

Minnesota Opera also leases copiers under a capital lease with annual lease payments of \$4,437 through the expiration on July 18, 2022. The capital lease payable balance at June 30, 2019, was \$14,132. The capital lease includes copiers of \$17,748, accumulated depreciation of \$620 and the net value at June 30, 2019, of \$17,128.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose		
New Works Initiative	\$ 294,000	\$ 525,000
Opera Innovate	-	992,584
Future seasons	43,500	136,000
Education	324,263	75,915
Lab expansion	350,000	-
Voices of Opera	100,000	-
Production Loan Reserve	28,488	950,000
Sustainability	5,200,000	-
	6,340,251	2,679,499
Subject to the passage of time		
General	370,547	629,687
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Future seasons	91,912	97,509
Education	12,288	12,500
Capital funds	112,719	113,100
	216,919	223,109
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	14,567,022	7,737,957
Future seasons	1,114,594	1,011,812
Education	350,000	350,000
Capital Funds	630,000	630,000
Sustainability	3,000,000	-
	19,661,616	9,729,769
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts	529,864	7,944,475
Total endowments	20,408,399	17,897,353
	\$ 27,119,197	\$ 21,206,539

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the fiscal years ended June 30, 2019 and 2018:

	2019	2018
Expirations of time restrictions	\$ 624,687	\$ 542,084
Satisfaction of purpose restrictions		
New Works Initiative	250,000	458,890
Opera Innovate	992,584	900,956
Future seasons	105,000	206,813
Production Loan Reserve	921,512	500,000
Capital	-	101,429
Education	75,915	15,000
	2,345,011	2,183,088
	2,969,698	2,725,172
Restricted-purpose spending-rate distributions and appropriations		
General use	650,918	351,971
Future seasons	84,963	54,560
Education	29,424	20,733
Capital funds	52,963	42,501
	818,268	469,765
	\$ 3,787,966	\$ 3,194,937

Certain donors have stipulated gifts that may be used for short-term cash flow which has been identified as cash reserve. Because the donors intend that these funds not be expended on a permanent basis, these reserves are classified as donor restricted net assets that are perpetual in nature.

Note 10 - Endowments

Minnesota Opera's endowment consists of pooled gifts restricted for the long-term support of Minnesota Opera and seven funds where the earnings are restricted to various purposes. The endowment includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

The Board of Directors of Minnesota Opera has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Minnesota Opera retains in perpetuity (a) the original and subsequent gift amounts (including contributions receivable net of discount and allowance for doubtful accounts) donated to the endowment, (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the organization, and
- (7) The investment policies of the organization.

As of June 30, 2019, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 500,000	\$ -	\$ 500,000
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	20,191,480	20,191,480
Accumulated investment gains	-	216,919	216,919
	<u>\$ 500,000</u>	<u>\$ 20,408,399</u>	<u>\$ 20,908,399</u>

As of June 30, 2018, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 500,000	\$ -	\$ 500,000
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	17,674,244	17,674,244
Accumulated investment gains	-	223,109	223,109
	<u>\$ 500,000</u>	<u>\$ 17,897,353</u>	<u>\$ 18,397,353</u>

Included in the balance of donor-restricted endowment funds as of June 30, 2019 and 2018, are \$529,864 and \$7,944,475, respectively, held in trust for the benefit of Minnesota Opera, but not under the control of Minnesota Opera for investment decision purposes.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Minnesota Opera has a policy of appropriating for distribution each year the sum of 70% of the previous year's draw adjusted for inflation as measured by the Consumer Price Index, not seasonally adjusted plus 30% of a target spending rate, currently 4.5% times the market value on March 31 of each year. In establishing this policy, Minnesota Opera considered the long-term expected return on its endowment. Accordingly, over the long term, Minnesota Opera expects the current spending policy to allow preservation and growth of purchasing power, while recognizing there will be periods of time where meeting short-term objectives may not be feasible without assuming undue risk. This is consistent with Minnesota Opera's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Minnesota Opera to retain as a fund or perpetual duration. The Board of Directors of the Minnesota Opera has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2019, and 2018, there were no donor-restricted endowment funds that fell below the level that the donor required the Minnesota Opera to retain as a fund of perpetual duration.

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 500,000	\$ 17,897,353	\$ 18,397,353
Investment return, net	41,732	812,078	853,810
Change in value of beneficial interest in perpetual trust	-	(599,046)	(599,046)
Contributions	-	3,116,282	3,116,282
Appropriation of endowment assets for expenditure	<u>(41,732)</u>	<u>(818,268)</u>	<u>(860,000)</u>
Endowment net assets, end of year	<u>\$ 500,000</u>	<u>\$ 20,408,399</u>	<u>\$ 20,908,399</u>

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	<u>With Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 500,000	\$ 17,682,816	\$ 18,182,816
Investment return, net	13,285	515,781	529,066
Change in value of beneficial interest in perpetual trust	-	57,799	57,799
Contributions	-	110,722	110,722
Appropriation of endowment assets for expenditure	<u>(13,285)</u>	<u>(469,765)</u>	<u>(483,050)</u>
Endowment net assets, end of year	<u>\$ 500,000</u>	<u>\$ 17,897,353</u>	<u>\$ 18,397,353</u>

Return Objectives and Risk Parameters

Minnesota Opera has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Minnesota Opera must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve purchasing power, net of spending and inflation, and to produce results that provide a long-term estimated spending of 5%. Based on continued current moderate inflation, the Board has adopted a long-term return objective of 6% to 8%, net of fees, and has determined that volatility in the range of 10% to 15% is acceptable.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Minnesota Opera relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Minnesota Opera targets a diversified asset allocation of bonds, equities (U.S. and foreign), marketable alternatives, real assets, and long-term equity to achieve its long-term return objectives within prudent risk constraints.

Note 11 - Employee Retirement Plan

Minnesota Opera has a defined contribution retirement plan (the Plan) under Internal Revenue Code (IRC) Section 403(b) for its non-union employees who meet certain service and age requirements. Minnesota Opera, at the discretion of its Board, may contribute to the Plan. During the years ending June 30, 2019 and 2018, Minnesota Opera contributed \$84,492 and \$76,065, respectively, to the Plan.

In addition, Minnesota Opera pays into retirement accounts for both unions with which Minnesota Opera has collective bargaining agreements. One of the union retirement plans is a multiemployer defined benefit pension plan with retirement expense for this union plan of \$69,340 and \$56,030 for the years ending June 30, 2019 and 2018, respectively. The other union retirement plan is a defined contribution plan. Retirement expense for this union plan was \$15,100 and \$11,028 for the years ending June 30, 2019 and 2018, respectively.

The multi-employer defined benefit pension plan is the American Federation of Musicians and Employer's Pension Fund (the Plan) with EIN/Plan Number 51-6120204/001 with a Plan year end of March 31. As of the most recent Plan year end March 31, 2019, the Plan is 61.8% funded and is in "critical" status which is red Pension Protection Act Zone Status. The Plan's Board of Trustees adopted a rehabilitation plan on April 15, 2010, which was intended to help the Plan improve its funded status through various benefit reductions and employer contribution increases. The total number of employers obligated to contribute to the Plan are approximately 5,700. No employer contributed more than 5% of the total contributions to the Plan during the year.

Note 12 - Arts Partnership Program

In 2007, the Arts Partnership, a separate 501(c)(3) organization, was formed for the purpose of collaborating on activities related to the Ordway Center for the Arts. The Arts Partnership is exempt from income taxes as a nonprofit organization under the applicable federal and Minnesota income tax regulations and is governed by a Board of Directors. The Board of Directors consists of the CEOs and Board representatives of Minnesota Opera, Ordway Center for the Performing Arts (Ordway), The Saint Paul Chamber Orchestra (SPCO) and The Schubert Club. The Ordway has three representatives and the other organizations each have two representatives. The Arts Partnership is considered a related party.

The partnership is built on a Master Agreement, which addresses scheduling, rental rates, and other operating and financial issues with respect to the Ordway building on a long-term basis. Minnesota Opera, Ordway, SPCO, and The Schubert Club are “Arts Partners” as defined in the Master Agreement. Minnesota Opera can withdraw from the agreement upon notice specifying as a withdrawal effective date June 30 of a year that is at least five years in the future. Under the terms of the agreement, Minnesota Opera has committed to a rental rate structure based on utilization. Minnesota Opera pays the Ordway a fixed base license fee in addition to a variable facility fee and an operating fee. Base rental fees for the year ended June 30, 2019, are expected to be \$684,667, respectively. Payments to the Ordway in the years ended June 30, 2019 and 2018, included base license fees of \$781,313 and \$845,228, respectively.

One of the initiatives of the Arts Partnership is to seek funding for renovations and enhancements to the Ordway building as well as to support partner utilization of the Ordway building through a subsidy of annual rental charges. On February 28, 2015, the Concert Hall at the Ordway, a major project of the Arts Partnership, opened to the public. The completion of the Concert Hall provides additional time in the Music Theater for Minnesota Opera’s rehearsals and performances. For the years ended June 30, 2019 and 2018, Minnesota Opera received a contribution of \$506,654 and \$489,803, respectively, from the Arts Partnership. This contribution is reflected as an unrestricted contribution in the statement of activities and changes in net assets and Minnesota Opera’s participation is reflected in fundraising expenses.

Note 13 - Adoption of ASU 2016-14

Minnesota Opera adopted the provisions of FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, as of July 1, 2018. As part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets.

The following financial statement line items for the year ended June 30, 2018, were adjusted as a result of the adoption:

<u>Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Unrestricted			
Board-designated	\$ 500,000	\$ (500,000)	\$ -
Undesignated	(695,112)	695,112	-
Temporarily restricted net assets	2,359,186	(2,359,186)	-
Permanently restricted net assets	19,624,244	(19,624,244)	-
Net assets without donor restrictions			
Board-designated	-	500,000	500,000
Undesignated	-	81,779	81,779
Net assets with donor restrictions			
Perpetual in nature	-	17,674,244	17,674,244
Accumulated earnings	-	223,109	223,109
Purpose restrictions	-	2,679,499	2,679,499
Time restricted for future periods	-	629,687	629,687

The Minnesota Opera
Notes to Financial Statements
June 30, 2019 and 2018

Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Revenue and Public Support			
Interest income			
Operating fund	\$ 9,196	\$ (9,196)	\$ -
Contributions			
Temporarily restricted	834,068	(834,068)	-
Transfers to operating fund from endowment/ capital fund			
Operating fund	483,050	(483,050)	-
Endowment/Capital fund	(483,050)	483,050	-
Expenses			
Administrative and general			
Endowment/Capital fund	148,118	(148,118)	-
Change in Net Assets - Nonoperating			
Nonoperating contributions			
Permanently restricted	110,722	(110,722)	-
Investment income (loss), net			
Operating fund	2,870	(2,870)	-
Endowment/Capital fund	529,066	(529,066)	-
Change in value of beneficial interest in perpetual trusts			
Permanently restricted	57,799	(57,799)	-
Net assets released from restrictions			
Temporarily restricted	(2,225,172)	2,225,172	-
Net Assets, Beginning of Year			
Unrestricted			
Operating fund	(134,837)	134,837	-
Endowment/Capital fund	373,895	(373,895)	-
Temporarily restricted	3,750,290	(3,750,290)	-
Permanently restricted	19,455,723	(19,455,723)	-

The Minnesota Opera
Notes to Financial Statements
June 30, 2019 and 2018

Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Revenue, support, and gains			
Contributions and grants			
With donor restrictions	\$ -	\$ 944,790	\$ 944,790
Net investment return			
Without donor restrictions	-	25,320	25,320
With donor restrictions	-	515,781	515,781
Distribution from and change in value of beneficial interest			
Without donor restrictions	-	410,827	410,827
With donor restrictions	-	57,799	57,799
Net assets released from restrictions			
Distribution pursuant to endowment spending-rate			
Without donor restrictions	-	469,765	469,765
With donor restrictions	-	(469,765)	(469,765)
Purpose releases			
Without donor restrictions	-	2,183,088	2,183,088
With donor restrictions	-	(2,183,088)	(2,183,088)
Time releases			
Without donor restrictions	-	542,084	542,084
With donor restrictions	-	(542,084)	(542,084)
Expenses			
Administrative and general			
Without donor restrictions	-	1,704,148	1,704,148
Net Assets, Beginning of Year			
Without donor restrictions	-	561,965	561,965
With donor restrictions	-	22,883,106	22,883,106