

EISNERAMPER

THE METROPOLITAN OPERA GUILD, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Metropolitan Opera Guild, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Metropolitan Opera Guild, Inc. (the "Guild"), which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Guild's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 organization'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 organization'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 Metropolitan Opera Guild, Inc. as of June 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.



EISNERAMPER LLP
New York, New York
November 26, 2019



THE METROPOLITAN OPERA GUILD, INC.

Balance Sheets

	June 30,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 822,978	\$ 951,341
Accounts receivable, net	88,899	180,377
Contributions, pledges and government grants receivable, net	98,572	246,132
Investments	6,654,064	10,014,796
Remainder interest in trust	1,557,456	
Inventory	42,982	44,332
Deposits, deferred expenses, and other assets	273,361	311,527
Property and equipment, net	<u>2,259,450</u>	<u>2,403,617</u>
	<u>\$ 11,797,762</u>	<u>\$ 14,152,122</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 427,807	\$ 365,571
Deferred revenue:		
Membership	950,837	1,053,465
Opera News	51,427	66,015
Loan payable under bank line-of-credit		2,865,000
Accrued pension benefit liability	<u>5,897,411</u>	<u>4,719,341</u>
	<u>7,327,482</u>	<u>9,069,392</u>
Total liabilities		
Commitments and contingency (see Note J)		
Net assets:		
Without donor restrictions:		
Accrued pension liability	(5,897,411)	(4,719,341)
Available for operations	<u>7,873,378</u>	<u>8,890,112</u>
	<u>1,975,967</u>	<u>4,170,771</u>
Total net assets without donor restrictions		
With donor restrictions:		
Time-restricted	1,712,831	152,500
Purpose restricted	333,323	311,300
Perpetual in nature	<u>448,159</u>	<u>448,159</u>
	<u>2,494,313</u>	<u>911,959</u>
Total net assets with donor restrictions		
	<u>4,470,280</u>	<u>5,082,730</u>
Total net assets		
	<u>\$ 11,797,762</u>	<u>\$ 14,152,122</u>

See notes to financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Statements of Activities

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Support and revenue:						
Publication sales and advertising	\$ 1,082,827		\$ 1,082,827	\$ 1,199,228		\$ 1,199,228
Membership dues	6,798,872		6,798,872	6,957,031		6,957,031
Contributions (including donated services of \$1,927,760 and \$1,844,142 for 2019 and 2018 respectively, and donated legal services of \$14,504 and \$15,058 for 2019 and 2018, respectively)	2,246,143	\$ 37,500	2,283,643	2,277,718	\$ 152,500	2,430,218
Special events (including donated auction items of \$129,851 and \$105,500 for 2019 and 2018, respectively and net direct benefit to donor of \$389,131 and \$369,443 for 2019 and 2018, respectively)	743,249	80,375	823,624	944,540		944,540
Education program fees	534,156		534,156	608,765		608,765
Legacies and bequests	323,968		323,968	882,733		882,733
Investment returns based on spending rate, net	710,000		710,000	770,000		770,000
Other income	136,116		136,116	104,921		104,921
Total support and revenue before release of net assets from restrictions	12,575,331	117,875	12,693,206	13,744,936	152,500	13,897,436
Net assets released from restrictions	127,165	(127,165)	0	578,456	(578,456)	0
Total support and revenue	12,702,496	(9,290)	12,693,206	14,323,392	(425,956)	13,897,436
Expenses:						
Program services:						
Donation to Metropolitan Opera Association, Inc.	5,953,740		5,953,740	6,131,983		6,131,983
Costs of publications for members and subscribers	2,145,516		2,145,516	2,159,557		2,159,557
Educational programs	1,233,235		1,233,235	1,520,296		1,520,296
Total program services	9,332,491		9,332,491	9,811,836		9,811,836
Supporting services:						
Management and general	1,383,683		1,383,683	1,368,607		1,368,607
Fund-raising	412,346		412,346	450,931		450,931
Membership development	1,927,760		1,927,760	1,844,142		1,844,142
Total supporting services	3,723,789		3,723,789	3,663,680		3,663,680
Total expenses	13,056,280		13,056,280	13,475,516		13,475,516
Change in net assets before non-operating activities	(353,784)	(9,290)	(363,074)	847,876	(425,956)	421,920
Non-operating activities:						
(Losses) gains in excess of authorized spending rate, net	(293,363)	34,188	(259,175)	(145,904)	46,669	(99,235)
Change in value of interest-rate-swap agreement	(73,090)		(73,090)	88,932		23,366
Proceeds from the sale of memorabilia collection				23,366		
Pension-related changes other than periodic costs	(1,474,567)		(1,474,567)	916,425		916,425
Remainder interest in trust		1,557,456	1,557,456			
Changes in net assets	(2,194,804)	1,582,354	(612,450)	1,730,695	(379,287)	1,351,408
Net assets, beginning of year	4,170,771	911,959	5,082,730	2,440,076	1,291,246	3,731,322
Net assets, end of year	\$ 1,975,967	\$ 2,494,313	\$ 4,470,280	\$ 4,170,771	\$ 911,959	\$ 5,082,730

See notes to financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Statement of Functional Expenses Year Ended June 30, 2019 (with summarized information for 2018)

	Program Services			Supporting Services			Total			
	Donation to Metropolitan Opera Association	Costs of Publications for Members & Subscribers	Education Programs	Total Program Services	Management and General	Fund-Raising	Membership Development	Total Supporting Services	2019	2018
Donation to Metropolitan Opera Association	\$ 5,953,740			\$ 5,953,740					\$ 5,953,740	\$ 6,131,983
Salaries and benefits		\$ 789,480	\$ 672,638	1,462,118	\$ 923,028	\$ 233,255		\$ 1,156,283	2,618,401	2,929,494
Printing and paper		200,328		200,328	1,107			1,107	201,435	206,551
Promotion and advertising		23,467	34,162	57,629	50,436			50,436	108,065	119,670
Mailing, postage and shipping		260,055	3,858	263,913	9,652	2,821		12,473	276,386	271,030
Occupancy		117,567	120,083	237,650	16,266	18,977		35,243	272,893	299,792
Art and editorial		539,203		539,203					539,203	533,557
Equipment maintenance		63,643	69,428	133,071	8,692	11,821		20,513	153,584	157,539
Student performances			169,801	169,801					169,801	167,796
Travel		7,678	13,801	21,479	16,430	352		16,782	38,261	59,101
Professional fees		15,552		15,552	150,239			150,239	165,791	132,990
Data processing		29,308		29,308	10,774			10,774	40,082	42,578
Dues and subscriptions		880	3,756	4,636	2,708			2,708	7,344	10,640
Insurance		15,674	16,038	31,712		2,552		2,552	34,264	40,973
Telephone		20,952	9,689	30,641	4,618	1,946		6,564	37,205	37,396
Bank service charges			70	70	23,438			23,438	23,508	27,577
Interest expense					132,276			132,276	132,276	117,947
Depreciation and amortization		61,729	119,911	181,640	10,412	10,715		21,127	202,767	209,074
Catering and space rental						389,131		389,131	389,131	369,443
Contributed membership service and auction items						129,851	\$ 1,927,760	2,057,611	2,057,611	1,949,642
Bad debt expense					12,237			12,237	12,237	7,590
Miscellaneous					11,370	56		11,426	11,426	22,596
Total expenses	5,953,740	2,145,516	1,233,235	9,332,491	1,383,683	801,477	1,927,760	4,112,920	13,445,411	13,844,959
Less: direct benefit to donors						(389,131)		(389,131)	(389,131)	(369,443)
Total expenses per statement of activities	\$ 5,953,740	\$ 2,145,516	\$ 1,233,235	\$ 9,332,491	\$ 1,383,683	\$ 412,346	\$ 1,927,760	\$ 3,723,789	\$ 13,056,280	\$ 13,475,516

See notes to financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Statement of Functional Expenses Year Ended June 30, 2018

	Program Services			Supporting Services				2018
	Donation to Metropolitan Opera Association	Costs of Publications for Members & Subscribers	Education Programs	Total Program Services	Management and General	Fund-Raising	Membership Development	
Donation to Metropolitan Opera Association	\$ 6,131,983			\$ 6,131,983				\$ 6,131,983
Salaries and benefits		\$ 776,597	\$ 908,152	1,684,749	\$ 955,972	\$ 288,773	\$ 1,244,745	2,929,494
Printing and paper		205,039		205,039	1,512		1,512	206,551
Promotion and advertising		34,617	35,053	69,670	50,000		50,000	119,670
Mailing, postage and shipping		254,450	4,117	258,567	9,473	2,990	12,463	271,030
Occupancy		123,442	134,296	257,738	22,194	19,860	42,054	299,792
Art and editorial		533,557		533,557				533,557
Equipment maintenance		64,153	70,934	135,087	8,592	13,860	22,452	157,539
Student performances			167,796	167,796				167,796
Travel		7,671	35,417	43,088	15,337	676	16,013	59,101
Professional fees		12,606		12,606	120,384		120,384	132,990
Data processing		28,534		28,534	14,044		14,044	42,578
Dues and subscriptions		1,029	3,035	4,064	6,129	447	6,576	10,640
Insurance		18,743	19,179	37,922		3,051	3,051	40,973
Telephone		21,300	10,260	31,560	4,123	1,713	5,836	37,396
Bank service charges		866	10	876	26,701		26,701	27,577
Interest expense					117,947		117,947	117,947
Depreciation and amortization		62,320	128,000	190,320	8,606	10,146	18,754	209,074
Catering and space rental						369,443	369,443	369,443
Contributed membership service and auction items						105,500	\$ 1,844,142	1,949,642
Bad debt expense					7,590		7,590	7,590
Miscellaneous		14,633	4,047	18,680		3,916	3,916	22,596
Total expenses	6,131,983	2,159,557	1,520,296	9,811,836	1,368,607	820,374	1,844,142	13,844,959
Less: direct benefit to donors						(369,443)	(369,443)	(369,443)
Total expenses per statement of activities	\$ 6,131,983	\$ 2,159,557	\$ 1,520,296	\$ 9,811,836	\$ 1,383,607	\$ 450,931	\$ 1,844,142	\$ 13,475,516

See notes to financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (612,450)	\$ 1,351,408
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	202,767	209,074
Bad debt expense	12,237	7,590
Net realized gains on investments	(131,628)	(1,080,986)
Net unrealized (gains) losses on investments	(163,225)	477,171
Changes in:		
Accounts receivable	79,241	2,012,826
Contributions, pledges and government grants receivable	147,560	(168,052)
Inventory	1,350	(2,232)
Deposits, deferred expenses, and other assets	38,166	(52,213)
Accounts payable and accrued expenses	62,236	(1,069,918)
Deferred revenue	(117,216)	100,703
Accrued pension benefit liability	1,178,070	(1,235,711)
Net cash provided by operating activities	<u>697,108</u>	<u>549,660</u>
Cash flows from investing activities:		
Donation of remainder interest in trust	(1,557,456)	
Proceeds from sales of investments	9,069,129	13,448,690
Purchases of investments	(5,413,544)	(12,620,329)
Purchases of property and equipment	(58,600)	(130,066)
Net cash provided by investing activities	<u>2,039,529</u>	<u>698,295</u>
Cash flows from financing activities:		
Repayments on borrowings under bank line-of-credit	(2,865,000)	(1,500,000)
Net cash used in financing activities	<u>(2,865,000)</u>	<u>(1,500,000)</u>
Net change in cash and cash equivalents	(128,363)	(252,045)
Cash and cash equivalents, beginning of year	<u>951,341</u>	<u>1,203,386</u>
Cash and cash equivalents, end of year	\$ <u>822,978</u>	\$ <u>951,341</u>
Supplemental disclosures of cash flow information:		
Donated services; membership services & legal	\$ 1,942,264	\$ 1,859,200
Noncash donation of goods – auction items	\$ 129,851	\$ 105,500
Interest paid during the year	\$ 93,526	\$ 117,947

See notes to financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Metropolitan Opera Guild, Inc. (the "Guild"), incorporated in New York in 1936, is organized (i) to develop, support, and cultivate a wider public interest in the Metropolitan Opera and the art form at-large, (ii) to further musical education and appreciation, and (iii) to sponsor and give assistance to operatic, musical and cultural programs, as well as other activities of an educational character.

The Guild also provides educational programs for schoolchildren and teachers, as well as for the general public, and seeks grants and contributions from foundations, corporations, and individuals to support its programs.

The Guild is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and from state and local taxes under comparable laws, except for certain types of income subject to unrelated business income tax. The Guild is also associated with the Metropolitan Opera Association, Inc. (the "Met"), a not-for-profit organization that operates the Metropolitan Opera performing company and provides various membership services to the Guild. (See Note I)

[2] Basis of accounting:

The financial statements of the Guild have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue, expenses, and non-operating activities, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Guild considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash equivalents considered to be part of the Guild's investment portfolio are reported as investments in the financial statements.

[5] Investments:

The Guild's investments in mutual funds are reported at their fair values in the balance sheets based on quoted market prices. Cash equivalents held as part of the investment portfolio are also included in the balances reported as investments.

The Guild's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted on a through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of each acquisition to the proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing an investment's cost to its fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services fees and costs of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by the Guild's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

Donated securities are recorded at their estimated fair values, or by their net asset values as determined by the Guild's management on the date of donation. The Guild's policy is to sell the donated securities immediately, and accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

[6] Derivatives:

The Guild held a derivative financial instrument, consisting of an interest-rate-swap contract, which was measured at fair value. The fair value of an interest-rate-swap agreement is the estimated amount that an entity would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The Guild reported the fair value of its interest-rate-swap agreement in other assets in fiscal-year 2018, on the balance sheet, whereas the corresponding change in the fair value of this swap was reported as the change in value of interest-rate-swap agreement in the statement of activities. The swap agreement was terminated in fiscal-year 2019 (see Note I).

[7] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation. The Guild capitalizes as assets those items of property and equipment that both have a cost of \$2,500 or more and useful lives greater than one year; whereas the costs of minor repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over five to 15 years, which are the estimated useful lives of the furniture, fixtures, and equipment. The costs of leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2019 and 2018, respectively, and in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[8] Inventory:

Inventory consists of paper held for use in printing *Opera News* magazine. The Guild reports all inventory at the lower of cost or market value, with cost determined by using the first-in, first-out ("FIFO") method.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Collections:

The Guild has maintained a collection of various opera-related memorabilia over the years. As of June 30, 2019, the majority of the collection has been sold. All remaining collection items are catalogued and preserved, and activities verifying their existence and assessing their condition are performed regularly. In accordance with the collection policies of museums, the cost or value of these collections is not included in the balance sheets.

[10] Remainder interest in trust:

During 2019, the Guild was named a beneficiary of a trust remainder interest whereby an unrelated trustee administers the underlying assets. Under the terms of the trust, the assets will be distributed to the donor's beneficiaries upon termination of the trust. The Guild's remainder interest in the trust has been valued at fair value, based on the expected future cash flows and discounted present value at a risk-adjusted rate of 2.80% for fiscal-year 2019. The remainder interest in trust was \$1,557,456 at June 30, 2019.

[11] Accrued vacation:

Accrued vacation is included as a liability in the financial statements and represents the Guild's obligation for the potential cost of unused employee vacation time that would be payable in the event that these employees left the Guild. At June 30, 2019 and 2018, the accrued vacation obligation was approximately \$182,000 and \$189,000, respectively, and is reported as part of accounts payable and accrued expenses in the accompanying balance sheets.

[12] Net assets:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purpose and/or the passage of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

[13] Revenue recognition:

(i) *Publication sales:*

Payments for subscriptions to *Opera News* magazine are recognized as income over the period during which the subscriptions are fulfilled.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Revenue recognition: (continued)

(ii) *Membership dues:*

Amounts received from members (i) consist of payments for the privileges of membership, and (ii) an unrestricted contribution to the Guild. A portion of membership dues is deferred and recognized as income upon the periodic publication of *Opera News* magazine. The remainder is recognized as contribution income in the period in which it is received.

(iii) *Contributions:*

Contributions to the Guild, are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Guild's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

[14] Donated goods and services:

For recognition of donated goods and services in the Guild's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statement of activities.

During fiscal-years 2019 and 2018, donated goods and services were as follows:

	Year Ended June 30,	
	2019	2018
Donated membership services	\$ 1,927,760	\$ 1,844,142
Donated legal services	14,504	15,058
Donated goods – auctions items	<u>129,851</u>	<u>105,500</u>
	<u>\$ 2,072,115</u>	<u>\$ 1,964,700</u>

[15] Measure of operations:

As detailed in its statements of activities, the Guild includes in the definition of operating activities those categories of support and revenue and of expenses that are an integral part of its programs and supporting activities, including an authorized allocation of investment earnings made in accordance with its spending policy. Non-operating activities include: (i) investment earnings greater than or less than the authorized spending limit; (ii) the change in value of interest-rate-swap agreements; (iii) pension-related changes other than periodic costs; and (v) remainder interest in trust.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Functional allocation of expenses:

The cost of providing the Guild's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of each expense. Indirect costs have been allocated on the basis of time and square footage allocations amongst employees.

[17] Advertising:

The Guild expenses the costs of advertising for its program and magazine, including merchandise marketed through catalogues. Advertising expense for fiscal-years 2019 and 2018 was approximately \$109,000 and \$120,000, respectively.

[18] Income tax uncertainties:

The Guild is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For the Guild, these provisions could be applicable to the incurrence of unrelated business income tax on transit and qualified parking fringe benefits. Since the Guild has always recorded any potential tax liabilities and due to its general not-for-profit status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Guild's financial statements.

At June 30, 2019 and 2018, the Guild had federal and state net operating loss carryforwards which may be offset against future taxable income.

[19] Adoption of accounting principles:

(i) *Presentation of Financial Statements of Not-for-Profit Entities:*

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends certain financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications; (ii) investment returns; (iii) expense categorizations; and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting periods issues for years beginning after December 15, 2017. Accordingly, the Guild was required to adopt ASU 2016-14 for its fiscal-year ended June 30, 2019, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain areas are to be adopted on a prospective basis. Although the Guild's adoption of ASU 2016-14 had no effect on the Guild's total net assets or its changes in net assets for fiscal-years 2019 and 2018, certain reclassifications were required. Accordingly, the Guild changed its presentation of its net asset classes, added the statements of functional expenses and expanded certain footnote disclosures.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[19] Adoption of accounting principles:

(ii) Changes to the Disclosure Requirements for Fair Value Measurement:

In August 2018, FASB issued ASU No. 2018-13 ("ASU 2018-13"), Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this update apply to all entities that are required to make disclosures about recurring or nonrecurring fair value measurements. Certain of the disclosures that are required by the amendments are not required for nonpublic entities. ASU 2018-13, eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent annual period presented in the year of adoption. All other amendments should be applied retrospectively to each period for which the financial statements are presented. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Guild has elected to early adopt ASU 2018-13.

[20] Subsequent events:

The Guild has evaluated all subsequent events through November 26, 2019 the date on which the financial statements were available to be issued.

NOTE B - RECEIVABLES

[1] Contributions, pledges and government grant receivable:

At each fiscal year-end, the Guild's contributions receivable consisted of unconditional promises, primarily in the form of pledges, grants and bequests. All amounts are scheduled to be received within one year. Based on management's past experience, an amount of approximately \$15,000 and \$12,000 was reserved for uncollectible accounts for fiscal-years 2019 and 2018, respectively.

[2] Accounts receivable:

At each fiscal year-end, other receivables consisted of amounts due to the Guild for exchange-type transactions. All amounts are due within one year. Based on management's past experience, an amount of approximately \$15,000 was reserved for uncollectible accounts in both fiscal years 2019 and 2018.

THE METROPOLITAN OPERA GUILD, INC.

**Notes to Financial Statements
June 30, 2019 and 2018**

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 83,907	\$ 83,907	\$ 158,869	\$ 158,869
Mutual funds:				
Fixed-income	2,232,741	2,248,960	3,277,306	3,334,583
Equity	4,337,416	4,058,395	6,578,621	6,421,767
	<u>\$ 6,654,064</u>	<u>\$ 6,391,262</u>	<u>\$ 10,014,796</u>	<u>\$ 9,915,219</u>

During each fiscal year, investment losses consisted of the following:

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 194,675	\$ 15,974	\$ 210,649
Net realized gains on investments	121,647	9,981	131,628
Net unrealized gains on investments	150,846	12,379	163,225
Investment fees	<u>(50,531)</u>	<u>(4,146)</u>	<u>(54,677)</u>
Net investment gains	416,637	34,188	450,825
Less: investment returns based on spending rate	<u>(710,000)</u>	<u> </u>	<u>(710,000)</u>
(Losses) gains in excess of authorized spending rate	<u>\$ (293,363)</u>	<u>\$ 34,188</u>	<u>\$ (259,175)</u>

	Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 123,125	\$ 9,207	\$ 132,332
Net realized gains on investments	1,005,776	75,210	1,080,986
Net unrealized losses on investments	(443,972)	(33,199)	(477,171)
Investment fees	<u>(60,833)</u>	<u>(4,549)</u>	<u>(65,382)</u>
Net investment gains	624,096	46,669	670,765
Less: investment returns based on spending rate	<u>(770,000)</u>	<u> </u>	<u>(770,000)</u>
(Losses) gains in excess of authorized spending rate	<u>\$ (145,904)</u>	<u>\$ 46,669</u>	<u>\$ (99,235)</u>

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE C - INVESTMENTS (CONTINUED)

Management has determined that, during fiscal-years 2019 and 2018, 5.00% of the average fair value of investments, based on a 20-quarter rolling average, is a reasonable amount of investment income to be used to fund current operations. The Guild utilized investment income for current operations of approximately \$710,000 and \$770,000 in fiscal-years 2019 and 2018, respectively. During both fiscal-years 2019 and 2018, the Board approved additional spending of \$115,000 respectively, to meet interim requirements.

FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value designations. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets or liabilities at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar assets or liabilities in active markets; or (ii) quoted prices for those assets or liabilities, or similar assets or liabilities, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the assets or liabilities; or (ii) the assets or liabilities cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another.

	Assets or Liabilities Within the Fair-Value Hierarchy					
	June 30, 2019			June 30, 2018		
	Level 1	Level 3	Total	Level 1	Level 2	Total
Cash and cash equivalents	\$ 83,907		\$ 83,907	\$ 158,869		\$ 158,869
Mutual funds	<u>6,570,157</u>		<u>6,570,157</u>	9,855,927		9,855,927
	<u>6,654,064</u>		<u>6,654,064</u>	10,014,796		10,014,796
Interest-rate swap					\$ 73,090	
Remainder interest in trust		<u>\$ 1,557,456</u>	<u>1,557,456</u>			73,090
	<u>\$ 6,654,064</u>	<u>\$ 1,557,456</u>	<u>\$ 8,211,520</u>	<u>\$ 10,014,796</u>	<u>\$ 73,090</u>	<u>\$ 10,087,886</u>

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 972,581	\$ 972,581
Leasehold improvements	285,283	285,283
Samuel B. and David Rose Building	6,595,725	6,537,125
Furniture, fixtures, and operating equipment	<u>169,504</u>	<u>169,504</u>
	8,023,093	7,964,493
Less: accumulated depreciation and amortization	<u>(5,763,643)</u>	<u>(5,560,876)</u>
	<u>\$ 2,259,450</u>	<u>\$ 2,403,617</u>

In May 1987, the Guild entered into an agreement with certain organizations that now occupy the Samuel B. and David Rose Building (the "Rose Building"), which is owned by Lincoln Center (see Note J). Under the terms of the agreement, the Guild pays a portion of the building's maintenance costs.

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Time-restricted for future periods	<u>\$ 1,712,831</u>	<u>\$ 152,500</u>
Purpose restricted:		
Education (A)	<u>228,074</u>	<u>200,620</u>
Subject to appropriation:		
Accumulated endowment income reserved for appropriation	<u>105,249</u>	<u>110,680</u>
Perpetual in nature:		
Education and outreach programs	<u>448,159</u>	<u>448,159</u>
	<u>\$ 2,494,313</u>	<u>\$ 911,959</u>

(A) Included in purpose restricted net assets are investments earnings that were appropriated, but unspent of \$228,074 and \$200,620, in 2019 and 2018, respectively. These amounts remain in purpose restricted until the Guild incurs actual expenditures related to particular restriction on the funds.

THE METROPOLITAN OPERA GUILD, INC.

**Notes to Financial Statements
June 30, 2019 and 2018**

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each fiscal year, net assets with donor restrictions were released from restrictions for the following purposes:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Time-restricted for future periods	\$ 115,000	\$ 565,683
Appropriations released from endowment income	<u>12,165</u>	<u>12,773</u>
	<u>\$ 127,165</u>	<u>\$ 578,456</u>

NOTE F - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The Guild's endowment consists of three donor-restricted funds established for a variety of purposes.

[2] Interpretation of relevant law:

NYPMIFA is applicable to all of the Guild's institutional funds, including its donor-restricted endowment funds. The Board of Directors will continue to adhere to NYPMIFA's requirements.

[3] Endowment net-asset composition by type of fund, at each fiscal year-end:

	<u>June 30, 2019</u>		
	<u>With Donor Restrictions</u>		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 105,249</u>	<u>\$ 448,159</u>	<u>\$ 553,408</u>
	<u>June 30, 2018</u>		
	<u>With Donor Restrictions</u>		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 110,680</u>	<u>\$ 448,159</u>	<u>\$ 558,839</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Directors for expenditure.

THE METROPOLITAN OPERA GUILD, INC.

**Notes to Financial Statements
June 30, 2019 and 2018**

NOTE F - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[4] Changes in endowment net assets, during each fiscal year:

	June 30, 2019		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of the year	\$ 110,680	\$ 448,159	\$ 558,839
Investment gains, net	34,188		34,188
Appropriation of endowment earnings for expenditure	<u>(39,619)</u>		<u>(39,619)</u>
Endowment net assets, end of the year	<u>\$ 105,249</u>	<u>\$ 448,159</u>	<u>\$ 553,408</u>
	June 30, 2018		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Perpetual in Nature	Total
Endowment net assets, beginning of the year	\$ 105,658	\$ 448,159	\$ 553,817
Investment gains, net	46,669		46,669
Appropriation of endowment earnings for expenditure	<u>(41,647)</u>		<u>(41,647)</u>
Endowment net assets, end of the year	<u>\$ 110,680</u>	<u>\$ 448,159</u>	<u>\$ 558,839</u>

[5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, restricted contribution. Under the terms of NYPMIFA, the Guild would have no responsibility to restore any such decreases in value. There were no such deficiencies in fiscal-years 2019 or 2018.

[6] Return objectives and risk parameters:

The overall financial objective of the endowment assets is to provide the operations of the Guild with a relatively stable stream of spendable revenue.

[7] Strategies employed for achieving objectives:

To satisfy its long-term, rate-of-return objectives, the Guild 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). The Guild targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE F - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[8] Spending policy and relationships with investment objectives:

At its discretion, during each fiscal years the Board of Directors may appropriate for expenditure a percentage of endowment earnings. For both fiscal-years 2019 and 2018, the Board appropriated an amount based on 5% of the average market value of the endowment assets, as calculated on a 20-quarter rolling average of asset value.

NOTE G - RETIREMENT PLANS

[1] Defined-benefit retirement plan:

The Guild had a defined-benefit retirement plan, covering substantially all of its full-time employees, based on years of services and his or her compensation during the last five years of employment. Effective June 30, 2012, participation and benefit accruals were frozen in compliance with a resolution of the Board of Directors.

For continuing eligible plan participants, the Guild's funding policy is to contribute annually in amounts not less than the minimum statutory funding requirements. Contributions are intended to provide for the accumulated benefit obligation to be paid to participants over time. The Guild contributed \$320,000 and \$366,700 to the plan during fiscal-years 2019 and 2018, respectively. The most recent measurement date used to determine pension benefits was June 30, 2019. The estimated amount of the Guild's contributions for fiscal-year 2020 is \$433,800.

The plan assets are managed in a global tactical allocation strategy with a mix of asset classes and an investment horizon of greater than ten years. Subsequent to year-end, the Board approved an investment policy statement to confirm current practices. The desired investment objective is a long-term rate of return on assets that is at least 6.5%, or 4.5% greater than the anticipated rate of inflation as measured by the Consumer Price Index. The investment policy establishes allowable and prohibited assets, and a minimum, maximum and target weighting for equities, fixed income, alternatives and cash and cash equivalents. The Board reviews performance regularly throughout the year with Raymond James, the portfolio manager, and, at least annually, reviews all costs associated with the management of the portfolio.

At each fiscal year-end, plan assets were invested as follows:

	June 30,					
	2019			2018		
	Fair Value	Cost	% Total	Fair Value	Cost	% Total
Cash and cash equivalents	\$ 58,904	\$ 58,904	1%	\$ 58,681	\$ 58,681	1%
Mutual funds	7,516,251	6,251,835	81%	8,491,465	6,804,369	90%
Exchange traded index fund	<u>1,695,242</u>	<u>1,677,738</u>	<u>18%</u>	<u>843,354</u>	<u>841,724</u>	<u>9%</u>
	<u>\$ 9,270,397</u>	<u>\$ 7,988,477</u>	<u>100%</u>	<u>\$ 9,393,500</u>	<u>\$ 7,704,774</u>	<u>100%</u>

The Plan's investments are considered all Level 1 within the fair-value hierarchy.

THE METROPOLITAN OPERA GUILD, INC.

**Notes to Financial Statements
June 30, 2019 and 2018**

NOTE G - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit retirement plan: (continued)

The following table sets forth the plan's unfunded status at each fiscal-year end:

	June 30,	
	2019	2018
Accumulated benefit obligation	<u>\$ 15,167,808</u>	<u>\$ 14,112,841</u>
Projected benefit obligation at end of year	<u>\$ (15,167,808)</u>	<u>\$ (14,112,841)</u>
Fair value of plan assets at end of year	<u>9,270,397</u>	<u>9,393,500</u>
Deficit of plan assets	<u>\$ (5,897,411)</u>	<u>\$ (4,719,341)</u>
Accrued benefit obligation on the balance sheet	<u>\$ (5,897,411)</u>	<u>\$ (4,719,341)</u>

Amounts recognized in changes in net assets without donor restrictions at each fiscal year-end were as follows:

	June 30,	
	2019	2018
Net (losses) gains	<u>\$ (1,474,567)</u>	<u>\$ 916,425</u>
Benefits cost	<u>\$ 23,503</u>	<u>\$ 47,413</u>
Benefits paid	<u>\$ 709,733</u>	<u>\$ 649,330</u>
Components of net periodic benefit cost:		
Interest cost	<u>\$ 550,496</u>	<u>\$ 535,870</u>
Expected return on plan assets	<u>(692,423)</u>	<u>(678,479)</u>
Amortization of unrecognized actuarial loss	<u>165,430</u>	<u>190,022</u>
Net periodic benefit cost	<u>\$ 23,503</u>	<u>\$ 47,413</u>

Assumptions used to measure benefit obligations at each fiscal year-end:

	June 30,	
	2019	2018
Weighted-average assumptions:		
Discounted rate	3.25%	4.00%
Expected rate of return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE G - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit retirement plan: (continued)

As of June 30, 2019, the expected benefits to be made under the plan for retirees, former members entitled to deferred benefits, and currently active employees are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 751,791
2021	766,362
2022	770,991
2023	776,450
2024	788,174
2025 - 2029	4,447,661

[2] Defined-contribution retirement plan:

The Guild also maintains a defined-contribution retirement plan established under Section 403(b) of the Code for the benefit of eligible employees to which it may also contribute: all employees are eligible to participate upon employment with the Guild. Plan expense for fiscal-years 2019 and 2018 was \$81,041 and \$80,043, respectively.

NOTE H - RELATED-PARTY TRANSACTIONS

As described in Note A[1], the Met is an independent not-for-profit membership organization that maintains the Guild's membership records and provides membership development at no charge to the Guild. Both organization's governing boards share certain directors in common. Although the Guild and the Met have some common interests, they are separate corporate entities, are engaged in different activities, and do not meet the criteria for the consolidation of their financial statements under U.S. GAAP.

In fiscal-years 2019 and 2018, the Guild made contributions without restrictions to the Met of \$5,953,740 and \$6,131,983, respectively. In fiscal-years 2019 and 2018, the Met contributed services for membership development to the Guild, which are recognized in the accompanying statements of activities at a value of approximately \$1,927,760 and \$1,844,142, respectively.

NOTE I - BORROWINGS UNDER BANK LINE-OF-CREDIT

The Guild has a bank line-of-credit that provides the Guild with borrowing power for an amount up to \$10,000,000. The line may be used for operations, bears interest (at the one-month LIBOR plus 1.25%), and is limited to the value of the Guild's investment portfolio. The line of credit is renewable on an annual basis. As of June 30, 2019, there are no borrowings against this line of credit, as the outstanding borrowings were fully repaid during fiscal-year 2019. The Guild had outstanding borrowings of \$2,865,000 during fiscal-year 2018.

In connection with the line of credit, the Guild had an interest-rate-swap agreement with a separate financial institution, for the notional amount of \$2,000,000. The swap agreement was terminated in June 2019. The fair value of the swap was \$73,090 for fiscal-year 2018.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE J - COMMITMENTS AND CONTINGENCIES

[1] Leases:

The Guild entered into an agreement with Lincoln Center to lease space in the Rose Building for a period of 99 years (ending December 31, 2085), and the lease agreement can be renewed for any number of terms of 99 years. The Guild paid maintenance of approximately \$294,000 and \$289,000 in fiscal-years 2019 and 2018, respectively, based on its proportionate share of the costs of operating and maintaining the building.

In addition, the Guild has an agreement with an unrelated not-for-profit organization to lease office space in Boston which expired in July 2018. Rental and maintenance expense related to this agreement was approximately \$800 and \$9,500 in fiscal-years 2019 and 2018, respectively.

[2] Government-funded activities:

Government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2019, there were no material obligations outstanding as a result of such audits, and management believes that unaudited projects would not result in any material obligation.

[3] Other contracts:

In the normal course of business, the Guild enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[4] Litigation:

The Guild may be subject to litigation in the routine course of conducting business. In management's opinion, however, there is no current litigation, the outcome of which would have a material adverse impact on the Guild's financial position or operations.

NOTE K - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Guild to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in high-credit-quality financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that the Guild does not face a significant risk of loss on these accounts due to the failure of these institutions.

NOTE L - RENTAL INCOME

The Guild leases approximately 234 square feet of its office space to an unrelated not-for-profit organization for a two-year term. The lease term is cancelable by either party. Rent paid to the Guild during fiscal-years 2019 and 2018 was \$15,000 in each year, respectively.

THE METROPOLITAN OPERA GUILD, INC.

Notes to Financial Statements June 30, 2019 and 2018

NOTE M - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Guild's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of June 30, 2019 because of donor-imposed restrictions or internal designations.

The Guild's financial assets available for general use within one year of June 30, 2019 for general expenditure are as follows:

Cash and cash equivalents	\$ 822,978
Accounts receivable, net	88,899
Contributions, pledges and government grants receivable, net	98,572
Remainder interest in trust	1,557,456
Investments	<u>6,654,064</u>
Total financial assets	<u>9,221,969</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with:	
Time-restricted for future periods	(1,712,831)
Purpose restrictions	(333,323)
Perpetual in nature	<u>(448,159)</u>
Total amounts unavailable for general expenditure within one year	<u>(2,494,313)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,727,656</u>

Liquidity policy:

The Guild's cash flows have seasonal variations during the year attributable to the schedule of educational and community engagement programming around the opera calendar and school year, and the concentration of contributions received from fundraising events. To manage liquidity during the year, the Guild maintains a sufficient level of operating cash and investments to be available as general expenditures, liabilities, and other obligations come due. The Guild also has a committed line of credit that can be drawn upon for unanticipated needs.