

# Shreveport Opera

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**Financial Statements**

Year Ended June 30, 2019

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## Independent Auditor's Report

The Board of Directors  
Shreveport Opera  
Shreveport, Louisiana

I have audited the accompanying financial statements of the Shreveport Opera (a nonprofit organization) which comprise the statements of financial position for the year ended June 30, 2019 and the related statements of activities and cash flows for the year then ended, and summary of significant accounting policies and related notes to 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

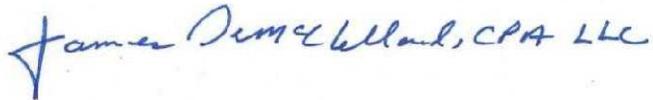
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

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

**Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits and Other payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, The Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Certified Public Accountant

Shreveport, Louisiana  
December 18, 2019

# Shreveport Opera

## Statement of Financial Position

<i>June 30,</i>	2019
<b>Assets</b>	
<b>Current assets:</b>	
Cash and cash equivalents (Note 1)	\$288,956
Prepaid expenses	6,628
Total current assets	295,584
Operating lease right of use asset (Note 4)	54,398
Long-term investments (Notes 7, 8 and 10)	336,215
Property and equipment (Note 2)	352,233
	<b>\$1,038,430</b>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 7,439
Deferred revenue	41,000
Operating lease liability	14,856
Total current liabilities	63,295
Operating lease liability (Note 4)	39,542
Total liabilities	102,837
<b>Net assets:</b>	
Without donor restrictions:	
Unrestricted and undesignated	599,378
Board designated (Note 10)	336,215
Total net assets	935,593
	<b>\$1,038,430</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# Shreveport Opera

## Statement of Activities

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues:</b>			
Contributions	\$477,543	\$ -	\$477,543
Grants	201,403	-	201,403
Guild revenues	178,357	-	178,357
Special events	65,548	-	65,548
Box office receipts	57,727	-	57,727
Season ticket sales	34,680	-	34,680
Performance fees	21,050	-	21,050
Return on investment, net	15,322	-	15,322
Miscellaneous	10,615	-	10,615
Program advertisement sales	10,550	-	10,550
<b>Total support and revenues</b>	<b>1,072,795</b>	<b>-</b>	<b>1,072,795</b>
Net assets released from restrictions	28,425	(28,425)	-
<b>Net support and revenues</b>	<b>1,101,220</b>	<b>(28,425)</b>	<b>1,072,795</b>
<b>Expenses:</b>			
Stage productions program	222,642	-	222,642
Education and awareness program	100,970	-	100,970
General and administrative program	306,513	-	306,513
Fundraising program	122,106	-	122,106
<b>Total expenses</b>	<b>752,231</b>	<b>-</b>	<b>752,231</b>
<b>Excess (deficit) of support and revenues over expenses</b>	<b>348,989</b>	<b>(28,425)</b>	<b>320,564</b>
<b>Net assets, beginning of year</b>	<b>586,604</b>	<b>28,425</b>	<b>615,029</b>
<b>Net assets, end of year</b>	<b>\$935,593</b>	<b>\$ -</b>	<b>\$935,593</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# Shreveport Opera

## Statement of Functional Expenses

<i>Year ended June 30, 2019</i>	Program Activities		Supporting Activities		Total Expenses
	Stage Productions Program	Education and Awareness Program	Management and General Program	Fundraising Program	
<b>Expenses:</b>					
Accounting and auditing	\$ -	\$ -	\$ 13,740	\$ -	\$ 13,740
Advertising and promotion	591	100	772	-	1,463
Artists and stage costs	177,536	53,608	-	-	231,144
Bank and credit card fees	2,098	-	5,513	-	7,611
Conferences and meetings	1,541	-	409	-	1,950
Contract services	-	-	1,772	-	1,772
Depreciation	12,473	-	6,000	-	18,473
Dues and subscriptions	3,584	-	715	-	4,299
Employee benefits	-	-	21,177	-	21,177
Equipment rental	-	75	-	-	75
Insurance	-	-	22,948	-	22,948
Legal services	-	-	5,000	-	5,000
Meals	1,343	1,666	380	5	3,394
Miscellaneous	99	842	385	-	1,326
Occupancy	-	-	11,736	-	11,736
Office Supplies	-	-	6,558	-	6,558
Opera Guild fundraising	-	-	-	102,572	102,572
Payroll taxes	-	-	15,148	-	15,148
Postage and delivery	447	-	1,290	-	1,737
Printing and reproduction	-	-	6,727	-	6,727
Production costs, other	10,836	44	-	253	11,133
Repairs and maintenance	-	5,315	-	-	5,314
Retirement	-	-	4,760	-	4,760
Salary and wages	-	-	172,948	-	172,948
SOX house utilities	-	9,114	-	-	9,114
Special events	-	23,028	918	19,276	43,223
Telephone	360	134	2,789	-	3,283
Travel and transportation	11,734	7,044	4,828	-	23,606
<b>Total expenses</b>	<b>\$222,642</b>	<b>\$100,970</b>	<b>\$306,513</b>	<b>\$122,106</b>	<b>\$752,231</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# Shreveport Opera

## Statement of Cash Flows

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Cash Flows from Operating Activities:</b>			
Excess (deficit) of support and revenues over expenses	\$ 348,989	\$(28,425)	\$320,564
Adjustments to reconcile excess of support and revenues over expenses to net cash used by operating activities:			
Depreciation and amortization	18,473	-	18,473
Net realized and unrealized gains on investments	(8,206)	-	(8,206)
Change in operating assets and liabilities:			
Accounts payable and accrued expenses	(1,282)	-	(1,282)
Deferred revenue	8,000	-	8,000
Net cash provided (used) by operating activities	365,974	(28,425)	337,549
<b>Cash Flows From Investing Activities:</b>			
Additions to plant and equipment	(355,149)	-	(355,149)
Purchase of investment securities	(7,114)	-	(7,114)
Proceeds from the sale of securities	10,305	-	10,305
Net cash used by investing activities	(351,958)	-	(351,958)
Net increase (decrease) in cash	14,016	(28,425)	(14,409)
Cash, at beginning of year	274,940	28,425	303,365
Cash, at end of year	\$288,956	\$ -	\$288,956

*See accompanying summary of accounting policies and notes to financial statements.*

# Shreveport Opera

## Summary of Accounting Policies (Continued)

### Summary of Accounting Policies

This summary of accounting policies of the Shreveport Opera (the "Opera") is presented to assist in understanding the the Opera's financial statements. The financial statements and notes are representations of the the Opera's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

### Nature of Business

The Opera is a nonprofit corporation organized under the laws of the State of Louisiana. The Opera was organized to foster and promote the production of quality performances of opera and music drama, to aid in furthering the development of opera, and to further educational efforts which support the growth, development and appreciation of opera as viable art form within the Ark-La-Tex region.

Substantially all of the Opera's revenue is from the sale of admissions to Opera sponsored events, fundraising and sponsorships, rentals and grant income.

### Method of Accounting

The Opera uses the accrual basis of accounting. The Opera does not use fund accounting.

### Financial Statement Presentation

For the year ended June 30, 2019, the Opera adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Opera is required to report information regarding the financial position and activities according to two classes of net assets; assets with donor restrictions and assets without donor restrictions.

#### Net Assets

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations

# Shreveport Opera

## Summary of Accounting Policies (Continued)

### **Revenue Recognition**

Contributions received may be recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions

### **Contributed Services**

The Opera receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the the Opera. The value of contributed services meeting the requirements for recognition in the financial statements for 2019 was not material and has not been recorded.

### **Deferred Revenue**

Deferred revenue consists of ticket sales and payments received in advance for theatrical productions to be performed in the following fiscal year and proceeds from fund raising efforts related to the following fiscal year. Amounts related to deferred revenue for 2019 was \$41,000.

### **Concentrations of Credit Risk**

The Opera serves a limited geographic area. Due to the nature of its operations, the Opera is dependent upon the local community and the health of the local economy in which it operates.

### **Functional Expenses**

Expenses are charged directly to program services, general and administrative, and Opera Guild expenses in general categories based on specific identification. For the year ended June 30, 2019, management had not allocated any supporting activity expenses to program activities.

# Shreveport Opera

## Summary of Accounting Policies (Continued)

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates in the financial statements are depreciation and amortization of property as well as the value of investments.

### Property and Equipment

The Opera capitalizes property and equipment with useful lives over three years. Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

### Income Taxes

The Opera is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. The Opera is not a private foundation within the meaning of Section 509(a) and there was no unrelated net business taxable income for the year ended June 30, 2019. Accordingly, no provision for income taxes has been made in the financial statements.

The Opera has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Opera's tax positions and concluded that the Opera has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Opera to lose its tax-exempt status. The income tax filings for the Opera's years ending in 2017 through 2019 are subject to examination by taxing authorities.

# Shreveport Opera

## Summary of Accounting Policies (Concluded)

<b>Statements of Cash Flows</b>	For purposes of the statements of cash flows, the Opera considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, including restricted funds not pledged as collateral or for long-term purposes, to be cash equivalents.
<b>Collective Bargaining Agreement</b>	Certain wages paid by the Opera were covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions and is effective through August 31, 2020.
<b>Advertising</b>	The Opera expenses advertising as it is incurred. The Opera expended \$1,463 in the year ended June 30, 2019 for advertising.
<b>Subsequent Events</b>	Management evaluated events subsequent to the Opera's most recent year end through December 18, 2019, the financial statement issuance date and noted no subsequent events that require disclosure in these financial statements.

# Shreveport Opera

## Notes to Financial Statements

- 1. Cash and cash equivalents** Cash and cash equivalents include interest and non-interest bearing demand deposits and time deposits with maturities of less than three months.

At June 30, 2019, \$10,045 of demand deposits exceeded Federal Depository insurance limits.

- 2. Property and Equipment** Major classes of property and equipment consist of the following at June 30, 2019:

Buildings	\$355,149
Furniture, fixtures and equipment	38,089
Vehicles	30,000
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	423,238
Less accumulated depreciation and amortization	71,005
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Net property and equipment	\$352,233

- 3. Notes Payable** The Opera has available a Wall Street Journal prime + 2% (7.5% at June 30, 2019) \$50,000 unsecured line of credit for the year ended June 30, 2019. The outstanding balance at June 30, 2019 was \$0.

- 4. Leases** The Opera adopted FASB ASC 842, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible lease right-of-use asset ("ROU").

The Opera has the following lease obligations as of June 30, 2019:

Office equipment with an initial present value of \$9,772, a stated annual interest rate of 4.0% included in 60 monthly payments of \$180 beginning February 2017 with an option to purchase the equipment at fair market value at the end of the lease term.

Office space with an initial present value of \$55,726, an imputed interest rate of 5.25% included in 60 monthly payments of \$1,058 beginning November 2018 with no option to purchase the facility at the end of the lease term.

(Continued)

# Shreveport Opera

## Notes to Financial Statements

### 4. Leases - Continued

The following schedule summarizes lease information for 2019:

Operating lease expense	\$10,624
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Cash paid for amounts included in the measurement of lease and liabilities for operating leases:

Operating cash flows	\$10,624
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ROU assets obtained in exchange for lease liabilities:

Operating leases	\$60,342
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Weighted average remaining term (in years):

Operating lease	3.4
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Weighted average discount rate:

Operating leases	4.63%
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	Operating Leases
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Maturity Analysis	
2020	\$14,856
2021	14,856
2022	13,931
2023	12,696
2024	4,003
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Total	60,342
Lease: Present value discount	(5,944)
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Lease liability	\$54,398
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### 5. Supplemental Cash Flows Information

There was no cash paid for interest or income taxes for the year ended June 30, 2019.

# Shreveport Opera

## Notes to Financial Statements (Continued)

6. **Employee Benefit Plans** The Opera uses hourly employees who belong to the International Alliance of Theatrical Stage Employees Union and are covered under the IATSE National Benefit Funds pension plan. Benefits paid to union employees for the year ended June 30, 2019 were \$2,545.

The Opera maintains a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). The Opera matches employee contributions up to a maximum of 3% of wages. Employer contribution to the SIMPLE IRA plan was \$4,760 for the year ending June 30, 2019.

7. **Investments** Investments are stated at fair market value and consist of the following:

June 30, 2019	Cost	Market
Money Market Funds	\$ 28,718	\$ 28,718
Exchange Traded Funds	258,487	283,820
Mutual Funds	17,163	23,677
<b>Total</b>	<b>\$304,368</b>	<b>\$336,215</b>

Interest, dividends, and net realized and unrealized gains for the year ended June 30, 2019 were \$15,322.

8. **Fair Value of Financial Instruments** The Opera has adopted the provisions of FASB ASC 820-10 and subsections. Under FASB ASC 820-10, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

(Continued)

# Shreveport Opera

## Notes to Financial Statements (Continued)

### 8. Fair Value of Financial Instruments - Continued

Level 1 – Valuations based on adjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 – Valuations based on inputs are unobservable and include situations where there is little, if any, market activity of the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis at June 30, 2019 consist of the following:

	Level 1	Level 2	Level 3	Fair Market Value
Money Market	\$ 28,718	\$ -	\$ -	\$ 28,718
Mutual Funds	23,677	-	-	23,677
Exchange Traded Funds	283,820	-	-	283,820
Total	\$336,215	\$ -	\$ -	\$336,215

### 9. Related Party Transactions

Three board members provided the following products or services for the for the year ended June 30, 2019: Printing services, \$12,238; equipment leasing, \$2,160; IT services, \$1,772. Additionally, the spouse of a member of management became a part-time employee during the year ended June 30, 2019. Wages and benefits paid were \$3,132.

# Shreveport Opera

## Notes to Financial Statements (Concluded)

- 10. Board Restricted Net Assets** Board designated net assets without donor restrictions consist of quasi-endowment long-term investments subject to spending policy and appropriation to support the following purposes as of June 30, 2019:

General activities	\$336,215
Total	\$336,215

- 11. Availability of Financial Assets**

The following reflects the Opera's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available also include amounts set aside by the board of directors that could be drawn upon if the board approves that action.

*Year ended June 30, 2019*

Financial assets at year end:	\$ 625,171
Less those designated by the board of directors as quasi-endowments subject to spending policy and appropriation to support general activities	(336,215)
Financial assets available to meet cash needs for general expenditures within one year	\$ 288,956

*Continued*

- 12. Availability of Financial Assets - Continued**

Financial assets available to meet cash needs for general expenditures within one year consist of the following:

*Year ended June 30, 2019*

Cash and cash equivalents	\$288,956
Total	\$288,956

### 13. Adoption of New Pronouncements

For the year ended June 30, 2019, the Opera adopted the Financial Accounting Standard Update (ASU) No. 2016-14 - *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amount previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

The Opera elected to adopt the provisions of ASC 842 – *Leases* early, effective July 1, 2018. Under ASC 842, the Opera is required to record a Right of Use asset and a corresponding lease liability for both operating and financing leases. Previously, operating leases were not required to be recognized on the balance sheet.

# Supplementary Information



# Shreveport Opera

## Schedule of Compensation, Benefits and Other Payments to Agency Head

*Year Ended June 30, 2019*

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Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

Shreveport Opera is not required to report the total compensation, reimbursements, and benefits paid to Mr. Steve Aiken, the General and Artistic Director, as none of those payments were made from public funds.

# Shreveport Opera

## Schedule of Findings

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### Current Findings:

There were no findings for the year ended June 30, 2019.

### Past Findings:

There were no findings for the year ended June 30, 2018.