

**Lyric Opera of Kansas City, Inc.**  
**Statement of Financial Position**  
**DECEMBER 2008**

	<u>2009</u>	<u>June 30,</u> <u>2008</u>
<b>Current Assets</b>		
Cash	\$ 1,010,795	\$ 1,620,654
Accounts Receivable	22,922	144,512
Promise to Give	98,000	158,000
Prepaid Production Expense	72	40,437
Other Prepaid Expenses	4,046	119,887
<b>Total Current Assets</b>	<b>1,135,834</b>	<b>2,083,491</b>
<b>Property and Equipment</b>		
Land, Buildings, Improvements and Computer Equipment	8,066,763	8,029,333
Less: Accumulated Depreciation	(3,514,527)	(3,394,433)
<b>Net Property and Equipment</b>	<b>4,552,235</b>	<b>4,634,900</b>
<b>Non-current Assets</b>		
Interest in Lyric Foundation	5,047,265	5,047,265
Interest in Trust	1,440,230	1,440,230
<b>Total Non-current Assets</b>	<b>6,487,495</b>	<b>6,487,495</b>
<b>Total Assets</b>	<b>\$ 12,175,564</b>	<b>\$ 13,205,885</b>
<b>Current Liabilities</b>		
Accounts Payable	\$ 42,909	\$ 100,943
Line of Credit	-	-
Payroll and Taxes	44,923	63,287
Deferred Income		
Proceeds from building sale	2,196,630	2,196,630
Current Season Ticket Sales	327,153	-
Next Season Ticket Sales	-	441,348
Other	23,800	21,958
<b>Total Current Liabilities</b>	<b>2,635,415</b>	<b>2,824,166</b>
<b>Net Assets</b>		
Current Year Change		
Unrestricted	1,646,487	2,464,437
Board Restricted:		
Operating Reserve	784,200	784,200
Building Fund	428,711	461,830
Temporarily Restricted	175,752	166,252
Permanently Restricted	6,505,000	6,505,000
	9,540,149	10,381,718
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,175,564</b>	<b>\$ 13,205,885</b>

See the accompanying notes to financial statements.

**Lyric Opera of Kansas City, Inc.**  
**Statement of Activities**  
**For the Month Ended DECEMBER 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Year to Date Total</u>	<u>Year to Date Budgeted Amount</u>	<u>Year to Date Over/(Under) Budget Variance</u>	<u>FY 2009 Annual Budget</u>	<u>Year End Projection at 12/31/08</u>
<b>Revenue</b>								
<b>Earned Revenue</b>								
Season Tickets	\$ 281,287	\$ -	\$ -	\$ 281,287	\$ 262,350	\$ 18,937	\$ 524,700	\$ 573,606
Single Tickets	168,188	-	-	168,188	199,000	(30,812)	432,560	396,000
Ticket Facility Fees	-	-	-	-	-	-	-	25,000
Education	34,815	-	-	34,815	35,025	(210)	64,640	64,640
Rental Income	95,014	-	-	95,014	78,927	16,087	181,863	303,000
Interest	13,871	-	-	13,871	15,000	(1,129)	30,000	25,000
Service Fees	-	-	-	-	-	-	23,717	22,512
Auxiliaries	1,471	-	-	1,471	-	1,471	-	-
Miscellaneous	1,550	-	-	1,550	502	1,048	1,000	2,000
<b>Subtotal - Earned Income</b>	<b>596,196</b>	<b>-</b>	<b>-</b>	<b>596,196</b>	<b>590,804</b>	<b>\$ 5,392</b>	<b>1,258,480</b>	<b>1,411,758</b>
<b>Contributed Revenue</b>								
Individual	\$ 171,185	\$ 1,500	\$ -	\$ 172,685	181,872	(9,187)	788,122	736,776
Corporate	4,200	-	-	4,200	127,500	(123,300)	240,369	123,000
Foundation	982,824	25,000	-	1,007,824	1,014,500	(6,676)	2,012,265	1,583,227
Federal, State and Local	21,550	-	-	21,550	-	21,550	85,000	106,000
Lyric & Leather	15,597	-	-	15,597	20,000	(4,403)	20,000	15,000
In-Kind Contributions	11,755	-	-	11,755	-	11,755	-	25,000
Auxiliaries	34,267	-	-	34,267	30,000	4,267	60,000	50,000
Lyric Opera Ball	24,521	-	-	24,521	25,000	(479)	650,000	650,000
Net Assets Released from Restrictions	17,000	(17,000)	-	-	-	-	-	-
<b>Subtotal - Contributed Revenue</b>	<b>1,282,899</b>	<b>9,500</b>	<b>-</b>	<b>1,292,399</b>	<b>1,398,872</b>	<b>(106,473)</b>	<b>3,855,756</b>	<b>3,289,003</b>
<b>Total Revenue</b>	<b>\$ 1,879,095</b>	<b>\$ 9,500</b>	<b>\$ -</b>	<b>\$ 1,888,595</b>	<b>1,989,676</b>	<b>(101,081)</b>	<b>5,114,236</b>	<b>4,700,761</b>
<b>Expenses</b>								
Finance and Administration	\$ 354,374	\$ -	\$ -	\$ 354,374	\$ 339,462	\$ 14,912	\$ 659,807	\$ 658,157
Development	211,470	-	-	211,470	225,311	(13,841)	419,414	398,324
Auxiliaries	6,277	-	-	6,277	5,000	1,277	150,000	150,000
Marketing	329,795	-	-	329,795	315,895	13,900	537,045	525,795
Ticket Office	111,914	-	-	111,914	100,442	11,472	191,828	191,828
Education	111,203	-	-	111,203	113,565	(2,362)	299,901	278,356
Theatre and Building	380,359	-	-	380,359	324,204	56,155	550,705	577,362
Production - General	177,060	-	-	177,060	177,798	(738)	343,919	348,435
La Boheme	529,198	-	-	529,198	560,000	(30,802)	574,015	531,846
Julius Caesar	355,028	-	-	355,028	340,000	15,028	457,362	434,698
La Traviata	36,201	-	-	36,201	45,000	(8,799)	497,472	511,065
Pirates of Penzance	7,193	-	-	7,193	15,000	(7,807)	432,577	444,630
<b>Total Expenses</b>	<b>\$ 2,610,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,610,071</b>	<b>2,561,677</b>	<b>48,394</b>	<b>5,114,045</b>	<b>5,050,496</b>
<b>Operating Gain/(Loss)</b>	<b>(730,976)</b>	<b>9,500</b>	<b>-</b>	<b>(721,476)</b>	<b>(572,001)</b>		<b>191</b>	<b>(349,735)</b>
Depreciation	120,094	-	-	120,094				
Lyric Opera Endowment	-	-	-	-				
<b>Change in Net Assets</b>	<b>(851,070)</b>	<b>9,500</b>	<b>-</b>	<b>(841,570)</b>				
<b>Net Assets - Beginning of Year</b>	<b>3,710,467</b>	<b>166,252</b>	<b>6,505,000</b>	<b>10,381,718</b>				
<b>Net Assets - Dec. 31, 2008</b>	<b>2,859,397</b>	<b>175,752</b>	<b>6,505,000</b>	<b>9,540,149</b>				

See the accompanying notes to financial statements.

**Lyric Opera of Kansas City, Inc.**  
**Statement of Cash Flows**  
**For the Month Ended DECEMBER 2008**

	<b>2009</b>	<b>June 30, 2008</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	(841,570)	(394,268)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	120,094	242,858
Decrease in interest in net assets of Lyric Foundation	-	537,396
Decrease in value of beneficial interest in perpetual trust	-	249,631
Change in assets and liabilities:		
Decrease in accounts and promises to give receivables	181,591	121,555
(Increase) in due from Lyric Foundation	-	(872)
Decrease in prepaid expenses and other assets	156,207	71,220
Increase (decrease) in accounts payable and accrued expenses	(76,399)	18,331
Increase in deferred income	(112,352)	31,370
<b>Net Cash Provided By Operating Activities</b>	<b>(572,429)</b>	<b>877,220</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(37,430)	(144,216)
<b>Net Cash Used in Investing Activities</b>	<b>(37,430)</b>	<b>(144,216)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(609,859)	733,004
<b>Cash And Cash Equivalents - Beginning of Year</b>	1,620,654	887,650
<b>Cash And Cash Equivalents - Dec. 31, 2008</b>	<b>1,010,795</b>	<b>1,620,654</b>

See the accompanying notes to financial statements.

**Lyric Opera of Kansas City, Inc.**  
**Notes to the Financial Statements**  
**Year To Date DECEMBER 2008**

**Statement of Financial Position**

Assets

The company's ability to increase its cash balance as it had done in the first quarter of the fiscal year came to an end in October. In addition to general operating costs, the company also paid for the production and advertising costs for both *La Boheme* and *Julius Caesar*. The company's cash position decreased by about \$136,000 during December and \$600,000 thus far this year.

Cash - The following is a breakout of our cash restrictions:

Available Operating Cash	\$ 458,099
Restricted Auxiliary Cash	123,986
Restricted Building Cash	428,711
	<u>\$ 1,010,795</u>

Promises to Give - The 2008 Circle's Lyric Opera Ball gave the Anniversary Angels the option of paying their gifts over time. We have 4 individuals whose outstanding pledges total \$98,000.

Property and Equipment - The Lyric Theatre is still shown on our Property and Equipment ledger. Please see the note on Proceeds on Building Sale for additional information.

Liabilities

Deferred Income - Current Season Ticket Sales - Included in the \$327,153 of deferred current season ticket sales income are \$286,135 of season ticket sales and single ticket sales of \$21,163 for *La Traviata* and \$21,384 for *The Pirates of Penzance*.

Proceeds on Building Sale - There is a provision in the sales contract of the Lyric Theatre to DST, that allows the Lyric to repurchase the building at the sales price, if the Kauffman Performing Arts Center (PAC) is not completed. Per accounting rules, this clause means that the transaction has not been completed, therefore we must show the sales proceeds as a deferred liability and we must maintain the Lyric Theatre in our Property and Equipment detail, until we move out of the theater and the PAC is open. Once the PAC opens, the repurchase clause in the sales contract closes and we will recognize the income as well as write-off the Lyric Theatre from Property and Equipment.

Net Assets

Building Fund – The Lyric Theatre sale to DST plus their donation exceeded the purchase price of the new Lyric Opera headquarter buildings. The remaining proceeds became the beginning Building Fund balance. Since then we have completed the design and development phase of the project and have received additional board designated funds from the Circle's Ball proceeds. The following is a reconciliation of the activity.

Beginning Building Fund Balance	\$198,421
Additional Designated Funds	392,760
Building Design and Development	<u>(162,470)</u>
Building funds available	<u>\$428,711</u>

**Lyric Opera of Kansas City, Inc.**  
**Notes to the Financial Statements**  
**Year To Date DECEMBER 2008**

**Statement of Activities**

Earned Revenue

The company has experienced strong season and single ticket sales. We have exceeded our season ticket goals by \$48,906, while *La Boheme's* and *Julius Caesar's* single ticket sales achieved 81% and 91% of their goals respectively. In total, single and season tickets combined are expected to exceed their budgetary goal by \$12,346.

Rental Income - This line item includes the following types of rental income, theatre rent, fabrication space rent, concession space, and set rent. As of December 31st, the company has received \$45,514 in theatre rent, while the production department has rented *La Cenerentola's* set twice for \$49,500.

Contributed Revenue

The Company has received significant contributions from three donors thus far, combined they total \$848,000, which is 66% of the total contributed revenue so far this year.

Corporate - Due to current economic conditions we have lost a significant corporate donor. We have decreased the corporate budget projection at June 30 accordingly.

Foundation - Included in the foundation budget amount was the grant amount projected from the Lyric Opera of Kansas City Foundation. Due to the current economic situation the foundation has notified us that they will not be making a grant this year, therefore we have decreased the foundation budget projection at June 30 accordingly.

Expenses

Administration - Our worker's compensation insurance company has completed their annual audit and we were given a credit for the overage that has been paid to date. We expect that administration's expenses will come in on budget.

Ticket Office - With the increase in ticket sales income the company is experiencing an increase in credit card fees. This budget line may go over budget.

Theatre and Building - In December we made our property tax payment. Due to our tax exempt status we have applied to have the three new buildings removed from the county's property tax role. As of December 31st, the Lyric had not been awarded the exemption, therefore we elected to pay the property tax in the amount of \$41,128.43. When our exemption is granted the amount will be refunded. This payment was not budgeted and therefore makes the Theatre and Building expenses appear over budget.

**Year End Projection**

The company is projecting a decrease in contributed income from our initial budget. Due to some funder decisions and the economy, the company is projecting an approximate \$560,000 combined decrease in individual, corporate and foundation giving this fiscal year.

Our original contributed income projection anticipated our being able to find a donor who would help fund the maintenance of the Lyric Theatre and allow us to continue subsidizing the Theatre's rent. After several months we were unable to find a donor, therefore we had to decrease our contributed income projection and pass the costs to the renters of the stage in the form of rental and per ticket facility fee increases. These changes have increased our earned income by \$146,000.

Each department has reviewed and revised their individual budgets. Most departments were able to find some expense savings. Combined we are projecting a \$65,000 expense savings. The combination of increased earned income and expense savings off set the decrease in contributed revenue and leave a projected deficit of \$349,735.