

Lyric Opera of Kansas City, Inc.
Statement of Financial Position
SEPT 2009

| | <u>Sept 30,</u> <u>2009</u> | <u>June 30,</u> <u>2009</u> |
|---|--------------------------------|--------------------------------|
| Current Assets | | |
| Cash | \$ 642,962 | \$ 1,590,001 |
| Accounts Receivable | 203,621 | 264,366 |
| Promise to Give | 152,285 | 225,485 |
| Prepaid Production Expense | 13,836 | 50,826 |
| Other Prepaid Expenses | 30,658 | 88,056 |
| Total Current Assets | 1,043,363 | 2,218,733 |
| Property and Equipment | | |
| Land, Buildings, Improvements and Computer Equipment | 9,043,220 | 8,557,786 |
| Less: Accumulated Depreciation | (3,565,071) | (3,526,369) |
| Net Property and Equipment | 5,478,149 | 5,031,417 |
| Non-current Assets | | |
| Interest in Lyric Foundation | 3,783,482 | 3,783,482 |
| Interest in Trust | 1,040,535 | 1,040,535 |
| Total Non-current Assets | 4,824,017 | 4,824,017 |
| Total Assets | \$ 11,345,529 | \$ 12,074,168 |
| Current Liabilities | | |
| Accounts Payable | \$ 48,663 | \$ 580,126 |
| Line of Credit | - | - |
| Payroll and Taxes | 70,624 | 76,643 |
| Deferred Income | | |
| Proceeds from building sale | 2,196,630 | 2,196,630 |
| 09/10 Season Ticket Sales | 478,615 | 475,259 |
| Other | 86,568 | 106,243 |
| Total Current Liabilities | 2,881,101 | 3,434,901 |
| Net Assets | | |
| Current Year Change | | |
| Unrestricted | 2,638,768 | 1,770,535 |
| Board Restricted: | | |
| Operating Reserve | 784,200 | 784,200 |
| Building Fund | - | 392,661 |
| Temporarily Restricted | 199,939 | 850,349 |
| Permanently Restricted | 4,841,522 | 4,841,522 |
| | 8,464,428 | 8,639,267 |
| Total Liabilities and Net Assets | \$ 11,345,529 | \$ 12,074,168 |

See the accompanying notes to financial statements.

Lyric Opera of Kansas City, Inc.
Statement of Activities
For the Month Ended SEPT 2009

| | <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 2010 Annual Budget</u> | <u>Year End Projection at 9/30/09</u> |
|---------------------------------------|---------------------|-------------------------------|-------------------------------|---------------------------|-------------------------------------|--|------------------------------|---------------------------------------|
| Revenue | | | | | | | | |
| Earned Revenue | | | | | | | | |
| Season Tickets | \$ 145,407 | \$ - | \$ - | \$ 145,407 | \$ 159,544 | \$ (14,137) | \$ 638,177 | \$ 600,177 |
| Single Tickets | 74,463 | - | - | 74,463 | 83,393 | (8,930) | 373,791 | 364,802 |
| Ticket Facility Fees | 6,346 | - | - | 6,346 | - | 6,346 | - | 16,000 |
| Theatre Rental Income | 12,312 | - | - | 12,312 | 14,737 | (2,425) | 344,750 | 334,549 |
| Set Rental Income | 7,060 | - | - | 7,060 | 7,000 | 60 | 48,000 | 58,000 |
| Education | 20,791 | - | - | 20,791 | 21,000 | (209) | 53,870 | 53,189 |
| Interest | 280 | - | - | 280 | 5,000 | (4,720) | 20,000 | 5,000 |
| Service Fees | - | - | - | - | - | - | 22,914 | 24,250 |
| Auxiliaries | - | - | - | - | - | - | - | - |
| Miscellaneous | 155 | - | - | 155 | 600 | (445) | 5,050 | 5,050 |
| Subtotal - Earned Income | 266,814 | - | - | 266,814 | 291,274 | (24,461) | 1,506,552 | 1,461,017 |
| Contributed Revenue | | | | | | | | |
| Individual | \$ 74,903 | \$ 500 | \$ - | \$ 75,403 | 25,500 | 49,903 | 762,350 | 380,850 |
| Corporate | 200 | - | - | 200 | 3,100 | (2,900) | 188,750 | 133,500 |
| Foundation | 604,698 | 22,000 | - | 626,698 | 639,500 | (12,802) | 1,493,600 | 1,478,600 |
| Federal, State and Local | - | - | - | - | 15,000 | (15,000) | 120,000 | 135,943 |
| Lyric & Leather | - | - | - | - | 20,000 | (20,000) | 20,000 | - |
| In-Kind Contributions | 2,756 | - | - | 2,756 | - | 2,756 | - | - |
| Auxiliaries | 100 | - | - | 100 | - | 100 | 45,000 | 45,000 |
| Lyric Opera Ball | 1,000 | - | - | 1,000 | - | 1,000 | 585,000 | 585,000 |
| Lyric Opera Foundation | - | - | - | - | - | - | 78,927 | 78,927 |
| Net Assets Released from Restrictions | 673,910 | (673,910) | - | - | - | - | - | - |
| Subtotal - Contributed Revenue | 1,357,567 | (651,410) | - | 706,157 | 703,100 | 3,057 | 3,293,627 | 2,837,820 |
| Total Revenue | \$ 1,624,381 | \$ (651,410) | \$ - | \$ 972,970 | 994,374 | (21,404) | 4,800,179 | 4,298,837 |
| Expenses | | | | | | | | |
| Finance and Administration | \$ 175,005 | \$ - | \$ - | \$ 175,005 | \$ 174,501 | \$ 504 | \$ 673,152 | \$ 673,993 |
| Development | 80,438 | - | - | 80,438 | 85,482 | (5,045) | 374,371 | 353,397 |
| Auxiliaries | 806 | - | - | 806 | - | 806 | 160,000 | 160,000 |
| Marketing | 188,956 | - | - | 188,956 | 197,156 | (8,201) | 542,252 | 526,915 |
| Ticket Office | 50,505 | - | - | 50,505 | 49,622 | 883 | 182,157 | 179,265 |
| Theatre and Building | 128,050 | - | - | 128,050 | 139,053 | (11,004) | 568,513 | 571,981 |
| Education | 52,769 | - | - | 52,769 | 49,093 | 3,676 | 168,415 | 179,483 |
| Production - General | 83,756 | - | - | 83,756 | 81,644 | 2,113 | 342,282 | 345,409 |
| Tosca | 322,748 | - | - | 322,748 | 356,329 | (33,581) | 471,506 | 438,092 |
| H.M.S. Pinafore | 17,093 | - | - | 17,093 | 19,022 | (1,929) | 421,754 | 381,771 |
| Rigoletto | 5,215 | - | - | 5,215 | 12,759 | (7,545) | 488,360 | 482,123 |
| Don Giovanni | 4,765 | - | - | 4,765 | 7,639 | (2,874) | 407,410 | 401,784 |
| Total Expenses | \$ 1,110,106 | \$ - | \$ - | \$ 1,110,106 | 1,172,302 | (62,195) | 4,800,171 | 4,694,215 |
| Operating Gain/(Loss) | 514,274 | (651,410) | - | (137,136) | (177,927) | 8 | 8 | (395,379) |
| Depreciation Expense | (38,702) | - | - | (38,702) | | | | |
| Capital Campaign Income | - | 1,000 | - | 1,000 | | | | |
| Lyric Opera Endowment | - | - | - | - | | | | |
| Change in Net Assets | 475,572 | (650,410) | - | (174,839) | | | | |
| Net Assets - Beginning of Year | 2,947,396 | 850,349 | 4,841,522 | 8,639,267 | | | | |
| Net Assets - SEPT 2009 | \$ 3,422,968 | \$ 199,939 | \$ 4,841,522 | \$ 8,464,428 | | | | |

See the accompanying notes to financial statements.

Lyric Opera of Kansas City, Inc.
Statement of Cash Flows
For the Month Ended SEPT 2009

| | Sept 30, 2009 | June 30, 2009 |
|---|--------------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Change in Net Assets | (174,839) | (1,742,454) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 38,702 | 238,731 |
| Decrease in interest in net assets of Lyric Foundation | - | 1,263,783 |
| Decrease in value of beneficial interest in perpetual trust | - | 399,695 |
| Change in assets and liabilities: | | |
| Decrease in accounts and promises to give receivables | 133,945 | (187,339) |
| Decrease in prepaid expenses and other assets | 94,387 | 21,446 |
| Increase (decrease) in accounts payable and accrued expenses | (537,482) | (35,541) |
| Increase in deferred income | (16,318) | 112,596 |
| Net Cash Provided By Operating Activities | (461,604) | 70,917 |
| Cash Flows From Investing Activities | | |
| Purchase of property and equipment | (485,434) | (101,572) |
| Proceeds from deferred sale of property | - | - |
| Net Cash Used in Investing Activities | (485,434) | (101,572) |
| Net Increase (Decrease) In Cash and Cash Equivalents | (947,038) | (30,655) |
| Cash And Cash Equivalents - Beginning of Year | 1,589,999 | 1,620,654 |
| Cash And Cash Equivalents - SEPT 2009 | 642,961 | 1,589,999 |

See the accompanying notes to financial statements.

Lyric Opera of Kansas City, Inc.
Notes to the Financial Statements
Year To Date SEPT FY 2009

Statement of Financial Position

Assets

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

| | June | Sept | Increase/(Decrease) |
|---------------------------|--------------------|-------------------|---------------------|
| Available Operating Cash | \$ 616,593 | \$ 473,968 | \$ (142,625) |
| Restricted Auxiliary Cash | 131,964 | 130,309 | (1,655) |
| Restricted Building Cash | 841,444 | 38,685 | (802,759) |
| | <u>\$1,590,001</u> | <u>\$ 642,962</u> | <u>\$ (947,039)</u> |

Based on our average cash needs the available operating cash will last the company about 40 - 45 days assuming no other income were to be received. The company's budget annualization shows that between projected income, expenses and the available operating cash, the company may be required to utilize its line of credit by March 2010.

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 \$66,000. Additionally the capital campaign has received pledges which extend over the next five years and total \$86,285.

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

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 sale's 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.

Deferred Revenue

09/10 Season Ticket Sales - These are the subscription and single ticket sales for the current fiscal year. These accounts will hold the revenue until the respective show is complete, at that time we move the funds from the deferred revenue accounts and recognize the income on the statement of activities. The company has achieved 93% of its subscription revenue goal and 89% of its single ticket goal for *Tosca*.

Statement of Activities

Earned Revenue

Theatre Rental Income - Currently the only rental income is from a small dance studio and one Symphony usage. The Symphony just began their season and the Ballet begins this week. As of Sept. 30, the rental contracts for the usage of the theatre had not been signed, but the framework of an agreement has been agreed to. Using the contract drafts the year end projected theatre rental income amount has been recalculated.

Contributed Revenue

The Company has received significant contributions from two donors thus far, combined they total \$575,000, which is 42% of the total unrestricted contributed revenue so far this year.

Lyric Opera of Kansas City, Inc.
Notes to the Financial Statements
Year To Date SEPT 2009

Expenses

The company is three months or 25% of the way through the fiscal year. At this point the company is operating below it's projections. Currently the Company expects to reduce its over all expenses by approximately \$105,000.

Lyric Theatre - Of the \$162,142 of Theatre and Building Expenses, \$110,604 directly relate to the operations and renting of the Lyric Theatre.

| | |
|-------------------------------|------------------|
| Lyric Theatre Rental Expenses | \$ 110,604 |
| Lyric Theatre Rental Income | (12,312) |
| Facility Fee | (6,346) |
| Unfunded building costs | <u>\$ 91,946</u> |

Year End Projection

The company regularly reviews its budgets and updates the year end projection on a monthly basis as new information or events allow. We have learned that the Symphony agreement for the year will not include a rate increase, therefore we have updated the show's budgets and removed the originally budgeted increase for orchestra services. The company has also officially postponed the Lyrics in Leather fundraising event, the income and expenses associated with this event has been removed from the budget. We have also been notified by the Missouri Arts Council that we are to receive an increase of our annual grant of about \$37,000. After all known increases and decreases to the year end projection, the company is projecting a near \$400,000 shortfall. This is equal to the amount of one contribution that was budgeted, but has become questionable since the time that the budget was passed. A contribution may still occur, but the company has been conservative and is looking into ways of operating on the assumption that the gift will not occur.