LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015

LYRIC OPERA
KANSAS CITY

Contents

Page

Independent Auditors' Report ..... 1 - 2

Financial Statements

Consolidated Statement Of Financial Position 3

Consolidated Statements Of Activities ..... 4 - 5

Consolidated Statement Of Cash Flows 6

Notes To Consolidated Financial Statements ..... 7 - 17

Supplementary Information

Independent Auditors' Report On Supplementary Information 18

Consolidating Statements Of Financial Position ..... 19 - 20

Consolidating Statements Of Activities And Changes In Net Assets ..... 21 - 22

RubinBrown LLP
Certified Public Accountants
& Business Consultants

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

T 913.491.4144
F 913.491.6821

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of Trustees
Lyric Opera of Kansas City, Inc.
Kansas City, Missouri

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lyric Opera of Kansas City, Inc., which comprise the consolidated statement of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lyric Opera of Kansas City, Inc. as of June 30, 2015 and 2014, 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.

RubinBrown LLP

November 6, 2015

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2015	June 30, 2014
Current Assets		
Cash and cash equivalents	**$ 1,694,625**	$ 1,833,914
Accounts receivable	**88,352**	109,404
Promises to give	**1,721,986**	1,196,875
Prepaid production costs	**36,266**	44,103
Other prepaid expenses	**117,539**	150,686
	3,658,768	3,334,982
Property And Equipment		
Land, buildings, improvements and equipment	**9,897,759**	9,938,373
Less: Accumulated depreciation	**(918,306)**	(742,732)
Net Property And Equipment	**8,979,453**	9,195,641
Restricted Cash For Purchases Of Property And Equipment	**106,768**	122,885
Promises To Give	**561,883**	810,917
Interest In Net Assets Of Lyric Foundation	**14,858,990**	13,987,495
Total Assets	**$ 28,165,862**	$ 27,451,920

Liabilities And Net Assets

	June 30, 2015	June 30, 2014
Current Liabilities		
Accounts payable	**$ 65,989**	$ 83,165
Accrued payroll and taxes	**227,259**	69,140
Accrued interest	**62,976**	62,976
Deferred income:		
Ticket sales	**879,541**	892,740
Other	**31,895**	144,967
Total Current Liabilities	**1,267,660**	1,252,988
Long-Term Liabilities		
Long-term debt	**10,290,000**	10,290,000
Net Assets		
Unrestricted	**(741,486)**	(350,978)
Temporarily restricted	**10,524,000**	10,062,823
Permanently restricted	**6,825,688**	6,197,087
Total Net Assets	**16,608,202**	15,908,932
Total Liabilities And Net Assets	**$ 28,165,862**	$ 27,451,920

See the accompanying notes to consolidated financial statements.

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Earned Revenue				
Ticket sales	$ 1,444,534	$ —	$ —	$ 1,444,534
Rental income	84,739	—	—	84,739
Education	47,543	—	—	47,543
Auxiliaries	397,997	—	—	397,997
Miscellaneous	62,845	—	—	62,845
Total Earned Revenue	2,037,658	—	—	2,037,658
Contributed Revenue				
Individual, corporate and foundation	1,196,954	2,687,375	—	3,884,329
Capital campaign	—	586,150	—	586,150
Federal, state and local	93,422	65,000	—	158,422
In-kind contributions	91,403	—	—	91,403
Lyric Opera ball	566,573	61,250	—	627,823
Net assets released from restrictions	3,181,492	(3,181,492)	—	—
Total Contributed Revenue	5,129,844	218,283	—	5,348,127
Total Revenue	7,167,502	218,283	—	7,385,785
Expenses				
Program services				
Production	2,938,979	—	—	2,938,979
Education	251,755	—	—	251,755
Total Program Services	3,190,734	—	—	3,190,734
Management and general				
Theatre and building	957,563	—	—	957,563
Finance and administration	1,025,777	—	—	1,025,777
Charitable contributions	509,556	—	—	509,556
Marketing	611,091	—	—	611,091
Ticket office	228,057	—	—	228,057
Total Management And General	3,332,044	—	—	3,332,044
Fundraising				
Development	483,702	—	—	483,702
Auxiliaries	332,108	—	—	332,108
Lyric Opera ball	219,422	—	—	219,422
Total Fundraising	1,035,232	—	—	1,035,232
Total Expenses	7,558,010	—	—	7,558,010
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	(390,508)	218,283	—	(172,225)
Change In Net Assets Of Lyric Foundation	—	242,894	628,601	871,495
Change In Net Assets	(390,508)	461,177	628,601	699,270
Net Assets - Beginning Of Year	(350,978)	10,062,823	6,197,087	15,908,932
Net Assets - End Of Year	$ (741,486)	$ 10,524,000	$ 6,825,688	$ 16,608,202

See the accompanying notes to consolidated financial statements.

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Earned Revenue				
Ticket sales	$ 1,676,986	$ —	$ —	$ 1,676,986
Rental income	166,987	—	—	166,987
Education	42,856	—	—	42,856
Auxiliaries	168,204	—	—	168,204
Miscellaneous	45,947	—	—	45,947
Total Earned Revenue	2,100,980	—	—	2,100,980
Contributed Revenue				
Individual, corporate and foundation	2,558,604	2,077,691	—	4,636,295
Capital campaign	—	1,128,480	—	1,128,480
Federal, state and local	16,817	35,000	—	51,817
In-kind contributions	12,473	—	—	12,473
Lyric Opera ball	744,482	—	—	744,482
Net assets released from restrictions	2,627,273	(2,627,273)	—	—
Total Contributed Revenue	5,959,649	613,898	—	6,573,547
Total Revenue	8,060,629	613,898	—	8,674,527
Expenses				
Program services				
Production	3,163,833	—	—	3,163,833
Education	314,266	—	—	314,266
Total Program Services	3,478,099	—	—	3,478,099
Management and general				
Theatre and building	1,312,975	—	—	1,312,975
Finance and administration	770,648	—	—	770,648
Charitable contributions	1,632,381	—	—	1,632,381
Marketing	573,186	—	—	573,186
Ticket office	233,389	—	—	233,389
Total Management And General	4,522,579	—	—	4,522,579
Fundraising				
Development	437,153	—	—	437,153
Auxiliaries	34,780	—	—	34,780
Lyric Opera ball	183,015	—	—	183,015
Total Fundraising	654,948	—	—	654,948
Total Expenses	8,655,626	—	—	8,655,626
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	(594,997)	613,898	—	18,901
Change In Net Assets Of Lyric Foundation	—	2,560,453	25,000	2,585,453
Change In Net Assets	(594,997)	3,174,351	25,000	2,604,354
Net Assets - Beginning Of Year	244,019	6,888,472	6,172,087	13,304,578
Net Assets - End Of Year	$ (350,978)	$ 10,062,823	$ 6,197,087	$ 15,908,932

See the accompanying notes to consolidated financial statements.

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2015	2014
Cash Flows From Operating Activities		
Change in net assets	**$ 699,270**	$ 2,604,354
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**230,404**	279,134
Change in value of interest in net assets of Lyric Foundation	**(871,495)**	(2,585,453)
Contributions to capital campaign	**(586,150)**	(1,128,480)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and promises to give	**51,222**	(901,179)
Decrease in prepaid expenses and other assets	**40,984**	55,665
Increase in accounts payable and accrued expenses	**140,943**	1,469,447
Decrease in deferred income	**(126,271)**	(159,909)
Net Cash Used In Operating Activities	**(421,093)**	(366,421)
Cash Flows From Investing Activities		
Purchases of property and equipment	**(14,216)**	(1,546,770)
Withdrawals from cash restricted for purchases of property and equipment	**16,117**	88,599
Net Cash Provided By (Used In) Investing Activities	**1,901**	(1,458,171)
Cash Flows Provided By Financing Activities		
Proceeds of capital campaign	**279,903**	1,543,782
Decrease In Cash And Cash Equivalents	**(139,289)**	(280,810)
Cash And Cash Equivalents - Beginning Of Year	**1,833,914**	2,114,724
Cash And Cash Equivalents - End Of Year	**$ 1,694,625**	$ 1,833,914
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 252,596**	$ 252,596

See the accompanying notes to consolidated financial statements.

1. Organization

The Lyric Opera of Kansas City, Inc. (Lyric) is a not-for-profit corporation incorporated in the state of Missouri in 1958. The Lyric's primary purpose is to enrich the lives of people of all ages and backgrounds by offering a broad repertoire of professional operatic experiences. The Lyric's revenues and support are derived primarily from contributions and ticket sales.

The Lyric Opera QALICB, Inc. (QALICB) was formed June 1, 2011 for the exclusive benefit of the Lyric. The QALICB's purpose is to hold title to property, complete construction of the Opera Center and lease said property. The property is operated in such a way that it qualifies as a Qualified Active Low-Income Community Business under the definition of the New Markets Tax Credit (NMTC) Program under Internal Revenue Code (IRC) §45(d). The QALICB's Board consists of three current members of the Lyric's Board.

These consolidated financial statements of the Lyric include the accounts of the QALICB. All significant intercompany transactions and account balances have been eliminated in consolidation.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying consolidated financial statements of the Lyric have been prepared on the accrual basis of accounting.

Basis Of Presentation

The consolidated financial statement presentation follows U.S. generally accepted accounting principles related to not-for-profit organizations. Under these principles, the Lyric is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Estimates And Assumptions

The preparation of consolidated 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 amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Lyric considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2015 and 2014, cash equivalents consisted primarily of money market accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of receivables previously written off are recorded when received. Management determined there was no allowance for doubtful accounts required at June 30, 2015 or 2014.

Promises To Give

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Conditional promises to give, which depend upon specified future and uncertain events, are not included as support until such time as the conditions are substantially met.

Property And Equipment

The Lyric capitalizes all expenditures for property and equipment over $500. Property and equipment are stated at cost at the date of the acquisition or fair value at date of donation, in the case of a gift. Maintenance and repairs are charged to expense as incurred. When items of property or equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Useful lives are as follows:

Building	50 years
Furniture and equipment	5 - 20 years

The QALICB reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the rental property to the future net undiscounted cash flow expected to be generated by the rental property, including the residual value of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There was no impairment loss recognized for the years ended June 30, 2015 and 2014.

Interest

Interest expense during the years ended June 30, 2015 and 2014 totaled $252,596, respectively.

Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Lyric have been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Lyric, or on behalf of the Lyric, in perpetuity.

Interest and dividends from permanently restricted investments are credited to unrestricted net assets unless donor stipulations restrict such earnings.

Deferred Income - Ticket Sales And Prepaid Production Costs

Income from ticket sales pertaining to upcoming productions is recorded as deferred income and recognized as revenue when earned. Production costs applicable to upcoming productions are recorded as prepaid expenses and are recognized as expenses on a matching basis in the period of the applicable production.

Restricted And Unrestricted Support

Gifts of cash and other assets are reported as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. Promises to give are recorded at estimated fair value at the date each promise is received. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Interest In Net Assets Of Lyric Foundation

Under current accounting guidance, the Lyric and the Lyric Opera of Kansas City Foundation (Lyric Foundation) are financially interrelated organizations. Accordingly, the Lyric recognizes its interest in the net assets of the Lyric Foundation and adjusts that interest for its share of the change in net assets of the Lyric Foundation.

Advertising

Advertising costs are expensed as incurred. Advertising expense for 2015 and 2014 was $408,669 and $373,561, respectively.

Income Taxes

The Lyric is exempt from income taxes under Section 501(a) of the IRC and a similar section of state law.

The Lyric's tax returns for tax years 2011 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through November 6, 2015, the date which the consolidated financial statements were available for issue.

3. Promises To Give

Promises to give consist of the following:

	2015	2014
Due in less than one year	**$ 1,943,740**	$ 1,446,770
Due in one to five years	**340,129**	561,022
	$ 2,283,869	$ 2,007,792

The Lyric considers these promises to give to be fully collectable. Therefore, no allowance for doubtful accounts has been recorded.

Included in promises to give due in less than one year at June 30, 2015 and 2014 is $221,754 and $249,895, respectively, which is restricted for the purchase of property and equipment. As a result, this amount has been classified as a noncurrent asset on the accompanying consolidated statement of financial position.

4. Property And Equipment

Property and equipment consist of:

	2015	2014
Land	**$ 470,000**	$ 470,000
Michael & Ginger Frost Production Arts Building	**4,589,773**	4,589,773
Beth Ingram Administration Building	**4,149,059**	4,149,059
Furniture and equipment	**688,927**	729,541
	9,897,759	9,938,373
Less: Accumulated depreciation	**918,306**	742,732
	$ 8,979,453	$ 9,195,641

Depreciation expense was $230,404 and $279,134 for 2015 and 2014, respectively.

5. Beneficial Interest In Perpetual Trust

The Lyric had a beneficial interest in a perpetual trust that consisted of a promise to give from a perpetual trust created by an independent donor, which was not in the possession or control of the Lyric, but was held and administered by an advisory committee consisting of at least three, but no more than five, members. This committee must include at least one representative from the Lyric. On June 8, 2009, the advisory committee approved the transfer of the advisory committee's duties to the Lyric Foundation. As a result, the trust's assets are included within the Lyric's interest in net assets of the Lyric Foundation on the accompanying consolidated statement of financial position at June 30, 2015 and 2014. The Lyric receives an annual donation in an amount equal to five percent of the average fair market value of the trust's assets. This donation is included in unrestricted contributions.

6. Long-Term Debt

Financing was provided to the QALICB in the form of two notes payable in the amounts of $7,641,900 and $2,648,100 with KCMO CDE VII, LLC. Both notes bear interest at 2.42% per annum for a term of 360 months and mature in July 2041. These notes payable are secured by a deed of trust and assignments of leases and rents. Repayment of these notes payable is guaranteed by the Lyric.

For the $7,641,900 note payable, payments of interest are due quarterly until October 2018, when quarterly payments of $108,956 including principal and interest are payable until maturity. Interest expense related to this note payable was $187,591 for the years ending June 30, 2015 and 2014.

For the $2,648,100 note payable, payments of interest are due quarterly until July 2018, when a principal payment of $315,000 is due. Beginning in October 2018, quarterly payments of $33,265, including principal and interest, are payable until maturity. Interest expense related to this note payable was $65,005 for the years ending June 30, 2015 and 2014.

Scheduled annual maturities of long-term debt at June 30, 2015 are as follows:

Year	Amount
2016	$ —
2017	—
2018	—
2019	590,822
2020	333,208
Thereafter	9,365,970
	$ 10,290,000

7. Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Future activities	**$ 7,952,097**	$ 8,677,314
Time restriction	**2,571,903**	1,385,509
	$ 10,524,000	$ 10,062,823

Future activities include construction on the buildings on Holmes and 18th Street, education and outreach activities, general operations, the regional opera conference and apprentice artist grants.

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2015	2014
Future activities	**$ 1,617,579**	$ 2,397,123
Time restriction	**1,563,913**	221,380
Other	—	8,770
	$ 3,181,492	$ 2,627,273

Permanently restricted net assets held by the Lyric Foundation totaling $6,825,688 and $6,197,087 at June 30, 2015 and 2014, respectively, are to be maintained in perpetuity, with the income being available for unrestricted purposes.

8. Related Party Transactions

The Lyric Foundation was formed to benefit, perform the functions of and carry out the charitable purposes of the Lyric. At the discretion of the Lyric Foundation's Board of Trustees, it may hold and reinvest earnings, distribute its earnings to the Lyric, or use its earnings for any purpose that furthers the charitable purposes of the Lyric. Distributions of principal within endowed funds by the Lyric Foundation are prohibited by its articles of incorporation, the terms of specific bequests and by specific agreements. The Lyric Foundation is required to maintain an independent Board of Trustees and officers. The Lyric may not require distributions of the Lyric Foundation's earnings to be made to it or on its behalf.

The Lyric Foundation has agreed to reimburse the Lyric for certain expenses the Lyric incurred on its behalf. Related thereto, no receivable was due as of June 30, 2015 and 2014.

During the years ended June 30, 2015 and 2014, the Lyric Foundation made grants totaling $834,504 and $799,384, respectively, to the Lyric.

The members of the Board of Trustees of the Lyric and their employers and foundations made contributions totaling $1,179,094 and $1,674,048 for the years ended June 30, 2015 and 2014, respectively.

The Managing Member of the KCMO CDE VII, LLC, with a 0.01% ownership interest, is Kansas City, Missouri Community Development CDE. The Investor Member of the KCMO CDE VII, LLC, with a 99.99% ownership interest, is Lyric Opera Investment Fund, LLC (Investment Fund). The QALICB received its initial loan funding from KCMO CDE VII, LLC, whose funding was received through transactions involving the Lyric, the Foundation and the Lyric Opera Investment Fund, LLC, whose sole member is PNC New Markets Investments Partners, LLC (PNC).

During the year ended June 30, 2015, the Lyric Foundation received contributions for purposes of paying down long-term debt of $249,395 and $509,556 from the QALICB and the Lyric, respectively.

During the year ended June 30, 2014, the Lyric Foundation received contributions for purposes of paying down long-term debt of $597,896 and $1,632,381 from the QALICB and the Lyric, respectively.

For the years ended June 30, 2015 and 2014, the contributions from the QALICB to the Lyric Foundation are included in theatre and building expense in the accompanying consolidated statements of activities.

Following the earlier of (a) the seventh anniversary of the date of the last qualified equity investment made by the Investment Fund with respect to any qualified low-income community investment in the QALICB, and (b) the date that a Recapture Event has occurred, PNC shall have the right and option, but not the obligation, to require the Lyric to purchase all of PNC's interest in the Investment Fund. The purchase price for PNC's interest shall be $1,000 plus any further amounts payable to PNC as defined in the Investment Fund Put And Call Agreement. PNC shall have 180 days to exercise its option. Provided PNC has not exercised its option, the Lyric shall have the right and option, but not the obligation, to purchase all of PNC's interest for 90 days. If the Lyric exercises its option, the purchase price for PNC's interest shall be an amount equal to the fair market value of PNC's interest as defined in the Investment Fund Put And Call Agreement.

9. Missouri Cultural Trust Fund

The Lyric has entered into a matching grant with the Missouri Cultural Trust Fund (MCT). The grant guidelines were for the Lyric to raise up to $3,700,000 (approximately $3,152,000 was actually raised) in endowment funds from private donors by June 30, 2001, solely to support the Lyric and its mission. Such funds are currently maintained by the Greater Kansas City Community Foundation on behalf of the Lyric Foundation. In return, the MCT set aside approximately $1,576,000 or a 50% match of private funds raised, in the MCT. The MCT remains the owner of the $1,576,000 of matching funds and, therefore, such assets are not included in the accompanying consolidated financial statements. The Lyric receives distributions of 5% from MCT matching funds. Distributions from the MCT to the Lyric for the year ended June 30, 2015 were $78,927. Due to changes in the State of Missouri funding, distributions from the MCT were suspended for the year ended June 30, 2014.

10. Significant Estimates And Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Promises To Give

Promises to give from four entities at June 30, 2015 and three entities at 2014 comprised 84% and 86%, respectively, of total promises to give from private sources.

Contribution Revenues

Contributions from two entities each comprised 26% of the total contribution revenues from private sources for the years ended June 30, 2015 and 2014.

The Lyric Opera Ball fund-raising event comprised approximately 11% of the total contribution revenues for the years ended June 30, 2015 and 2014.

Cash Accounts

The Lyric and the QALICB maintain cash accounts in five banks located in the metropolitan Kansas City area. The balances, at times, may have exceeded the federally insured limit of $250,000. The insurance is for balances in banks without regard to outstanding items. In addition, a Money Market Mutual Fund is utilized by the Lyric. The balance in this account is uninsured. A summary of the insured and uninsured amounts at June 30, 2015 and 2014 is as follows:

	2015	2014
Cash in bank	**$ 881,570**	$ 705,637
Portion insured by the FDIC	**(623,277)**	(637,406)
Uninsured cash in bank	**258,293**	68,231
Cash in Money Market Mutual Fund	**1,090,991**	1,305,895
	$ 1,349,284	$ 1,374,126

11. Contributed Services

For the years ended June 30, 2015 and 2014, the Lyric received contributed services for legal, marketing and construction services which totaled $91,403 and $12,473, respectively. The value of contributed services is based on quoted market prices for those services.

12. Risks And Uncertainties

The Lyric Foundation (Note 8) invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

13. Guarantees

As part of the financing arrangements, the Lyric and the QALICB have provided certain guarantees to the KCMO CDE VII, LLC and PNC New Markets Investment Partners, LLC.

Tax Credit Delivery And Recapture Guarantees

Pursuant to the Unconditional Guaranty Agreement, the QALICB and the Lyric have agreed to guarantee against loss or recapture of NMTC arising from failure to comply with the IRC and Treasury Regulations related to the NMTC program. This guarantee will be up to the full amount of any recapture and/or lost credits, including interest and penalties thereon.

14. Commitments

The Lyric has entered into a License Agreement to use the Kauffman Center For The Performing Arts (Kauffman Center). This License Agreement has an initial term of 20 years with the right to extend that initial term for 3 subsequent ten-year terms for a total term of 50 years. The year's annual license fee for the Lyric's use of the Kauffman Center totaled $240,000, which is included in theatre and building expenses in the accompanying consolidated statement of activities for the years ended June 30, 2015 and 2014. This annual license fee is subject to adjustment for increases in the Consumer Price Index and increases in the ownership costs incurred by the Kauffman Center. The license fee may also be adjusted for changes in the amount of usage by the Lyric. The Kauffman Center reserves the right to terminate the License Agreement if the Lyric does not meet specified annual minimum usage amounts. The future minimum rental amount under the terms of the License Agreement is $240,000 for the year ending June, 30 2016.

RubinBrown LLP
Certified Public Accountants
& Business Consultants

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

T 913.491.4144
F 913.491.6821

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report On Supplementary Information

Board of Trustees
Lyric Opera of Kansas City, Inc.
Kansas City, Missouri

We have audited the consolidated financial statements of Lyric Opera of Kansas City, Inc. as of and for the years ended June 30, 2015 and 2014, and our report thereon dated November 6, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

November 6, 2015

an independent member of
BAKER TILLY
INTERNATIONAL

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination Entries	Consolidated The Lyric Opera Of Kansas City, Inc.
Current Assets					
Cash and cash equivalents	$ 1,582,396	$ 112,229	$ 308,301	$ (308,301)	$ 1,694,625
Accounts receivable	88,352	—	—	—	88,352
Promises to give	1,721,986	—	—	—	1,721,986
Interest receivable	—	—	43,425	(43,425)	—
Prepaid production costs	36,266	—	—	—	36,266
Other prepaid expenses	117,539	—	—	—	117,539
Total Current Assets	3,546,539	112,229	351,726	(351,726)	3,658,768
Other Assets					
Investments	—	—	7,982,888	(7,982,888)	—
Note receivable	—	—	7,641,900	(7,641,900)	—
Interest receivable	—	—	115,033	(115,033)	—
Restricted cash	—	—	500,000	(500,000)	—
Total Other Assets	—	—	16,239,821	(16,239,821)	—
Property And Equipment					
Land, buildings, improvements and equipment	223,846	10,470,286	—	(796,373)	9,897,759
Less: Accumulated depreciation	(126,937)	(847,114)	—	55,745	(918,306)
Net Property And Equipment	96,909	9,623,172	—	(740,628)	8,979,453
Restricted Cash For Purchases Of Property And Equipment	106,768	—	—	—	106,768
Promises To Give	561,883	—	—	—	561,883
Interest In Net Assets Of Lyric Foundation	—	—	—	14,858,990	14,858,990
Total Assets	$ 4,312,099	$ 9,735,401	$ 16,591,547	$ (2,473,185)	$ 28,165,862
	Liabilities And Net Assets				
Current Liabilities					
Accounts payable	$ 65,989	$ —	$ —	$ —	$ 65,989
Accrued payroll and taxes	227,259	—	—	—	227,259
Accrued interest	—	62,976	—	—	62,976
Deferred income:					
Ticket sales	879,541	—	—	—	879,541
Other	31,895	—	—	—	31,895
Total Current Liabilities	1,204,684	62,976	—	—	1,267,660
Long - Term Liabilities					
Long - term debt	—	10,290,000	1,732,557	(1,732,557)	10,290,000
Total Liabilities	1,204,684	10,352,976	1,732,557	(1,732,557)	11,557,660
Net Assets					
Unrestricted	(738,446)	(617,575)	1,257,578	(643,043)	(741,486)
Temporarily restricted	3,618,158	—	7,003,427	(97,585)	10,524,000
Permanently restricted	227,703	—	6,597,985	—	6,825,688
Total Net Assets	3,107,415	(617,575)	14,858,990	(740,628)	16,608,202
Total Liabilities And Net Assets	$ 4,312,099	$ 9,735,401	$ 16,591,547	$ (2,473,185)	$ 28,165,862

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2014

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination Entries	Consolidated The Lyric Opera Of Kansas City, Inc.
Current Assets					
Cash and cash equivalents	$ 1,718,350	$ 115,564	$ 195,233	$ (195,233)	$ 1,833,914
Accounts receivable	109,404	—	4,000	(4,000)	109,404
Promises to give	1,196,875	—	—	—	1,196,875
Interest receivable	—	—	43,425	(43,425)	—
Prepaid production costs	44,103	—	—	—	44,103
Other prepaid expenses	150,686	—	—	—	150,686
Total Current Assets	3,219,418	115,564	242,658	(242,658)	3,334,982
Other Assets					
Investments	—	—	7,451,124	(7,451,124)	—
Note receivable	—	—	7,641,900	(7,641,900)	—
Interest receivable	—	—	84,637	(84,637)	—
Restricted cash	—	—	500,000	(500,000)	—
Total Other Assets	—	—	15,677,661	(15,677,661)	—
Property And Equipment					
Land, buildings, improvements and equipment	264,460	10,470,286	—	(796,373)	9,938,373
Less: Accumulated depreciation	(152,393)	(598,303)	—	7,964	(742,732)
Net Property And Equipment	112,067	9,871,983	—	(788,409)	9,195,641
Restricted Cash For Purchases Of Property And Equipment	122,885	—	—	—	122,885
Promises To Give	810,917	—	—	—	810,917
Interest In Net Assets Of Lyric Foundation	—	—	—	13,987,495	13,987,495
Total Assets	$ 4,265,287	$ 9,987,547	$ 15,920,319	$ (2,721,233)	$ 27,451,920
Liabilities And Net Assets					
Current Liabilities					
Accounts payable	$ 80,865	$ 2,300	$ —	$ —	$ 83,165
Accrued payroll and taxes	69,140	—	—	—	69,140
Accrued interest	—	62,976	—	—	62,976
Deferred income:					
Ticket sales	892,740	—	—	—	892,740
Other	144,967	—	—	—	144,967
Total Current Liabilities	1,187,712	65,276	—	—	1,252,988
Long - Term Liabilities					
Long - term debt	—	10,290,000	1,932,824	(1,932,824)	10,290,000
Total Liabilities	1,187,712	10,355,276	1,932,824	(1,932,824)	11,542,988
Net Assets					
Unrestricted	(580,349)	(367,729)	1,355,163	(758,063)	(350,978)
Temporarily restricted	3,430,221	—	6,662,948	(30,346)	10,062,823
Permanently restricted	227,703	—	5,969,384	—	6,197,087
Total Net Assets	3,077,575	(367,729)	13,987,495	(788,409)	15,908,932
Total Liabilities And Net Assets	$ 4,265,287	$ 9,987,547	$ 15,920,319	$ (2,721,233)	$ 27,451,920

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2015

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	Consolidated The Lyric Opera Of Kansas City, Inc.	Unrestricted	Temporarily Restricted	Permanently Restricted
Earned Revenue								
Ticket sales	$ 1,444,534	$ —	$ —	$ —	$ 1,444,534	$ 1,444,534	$ —	$ —
Rental income	84,739	540,000	—	(540,000)	84,739	84,739	—	—
Education	47,543	—	—	—	47,543	47,543	—	—
Auxiliaries	397,997	—	—	—	397,997	397,997	—	—
Miscellaneous	62,695	150	—	—	62,845	62,845	—	—
Realized gains	—	—	45,116	(45,116)	—	—	—	—
Unrealized gains	—	—	41,492	(41,492)	—	—	—	—
Interest and dividends	—	—	165,467	(165,467)	—	—	—	—
Interest on note receivable	—	—	204,812	(204,812)	—	—	—	—
Total Earned Revenue	2,037,508	540,150	456,887	(996,887)	2,037,658	2,037,658	—	—
Contributed Revenue								
Contributions from Lyric Opera	—	—	509,556	(509,556)	—	—	—	—
Contributions from Lyric Opera QALICB	—	—	249,395	(249,395)	—	—	—	—
Individual, corporate and foundation	3,884,329	—	628,601	(628,601)	3,884,329	1,196,954	2,687,375	—
Capital campaign	586,150	—	—	—	586,150	—	586,150	—
Federal, state and local	158,422	—	—	—	158,422	93,422	65,000	—
In-kind contributions	91,403	16,000	—	(16,000)	91,403	91,403	—	—
Lyric Opera ball	627,823	—	—	—	627,823	566,573	61,250	—
Net assets released from restrictions	—	—	—	—	—	3,181,492	(3,181,492)	—
Total Contributed Revenue	5,348,127	16,000	1,387,552	(1,403,552)	5,348,127	5,129,844	218,283	—
Total Revenue	7,385,635	556,150	1,844,439	(2,400,439)	7,385,785	7,167,502	218,283	—
Expenses								
Program Services:								
Production	2,938,979	—	—	—	2,938,979	2,938,979	—	—
Education	251,755	—	—	—	251,755	251,755	—	—
Professional services	—	—	27,850	(27,850)	—	—	—	—
Investment fees	—	—	31,439	(31,439)	—	—	—	—
Interest expense	—	—	79,151	(79,151)	—	—	—	—
Contribution to Lyric Opera	—	—	834,504	(834,504)	—	—	—	—
Total Program Services	3,190,734	—	972,944	(972,944)	3,190,734	3,190,734	—	—
Management And General:								
Theatre and building	739,348	805,996	—	(587,781)	957,563	957,563	—	—
Finance and administration	1,041,777	—	—	(16,000)	1,025,777	1,025,777	—	—
Charitable contributions to Lyric Foundation	509,556	—	—	—	509,556	509,556	—	—
Marketing	611,091	—	—	—	611,091	611,091	—	—
Ticket office	228,057	—	—	—	228,057	228,057	—	—
Total Management And General	3,129,829	805,996	—	(603,781)	3,332,044	3,332,044	—	—
Fundraising:								
Development	483,702	—	—	—	483,702	483,702	—	—
Auxiliaries	332,108	—	—	—	332,108	332,108	—	—
Lyric Opera ball	219,422	—	—	—	219,422	219,422	—	—
Total Fundraising	1,035,232	—	—	—	1,035,232	1,035,232	—	—
Total Expenses	7,355,795	805,996	972,944	(1,576,725)	7,558,010	7,558,010	—	—
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	29,840	(249,846)	871,495	(823,714)	(172,225)	(390,508)	218,283	—
Change In Net Assets Of Lyric Foundation	—	—	—	871,495	871,495	—	242,894	628,601
Change In Net Assets	29,840	(249,846)	871,495	47,781	699,270	(390,508)	461,177	628,601
Net Assets - Beginning Of Year	3,077,575	(367,729)	13,987,495	(788,409)	15,908,932	(350,978)	10,062,823	6,197,087
Net Assets - End Of Year	$ 3,107,415	$ (617,575)	$ 14,858,990	$ (740,628)	$ 16,608,202	$ (741,486)	$ 10,524,000	$ 6,825,688

LYRIC OPERA OF KANSAS CITY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014

	The Lyric Opera Of Kansas City, Inc.	The Lyric Opera QALICB	The Lyric Opera Of Kansas City Foundation	Elimination/ Reclassification Entries	Consolidated The Lyric Opera Of Kansas City, Inc.	Unrestricted	Temporarily Restricted	Permanently Restricted
Earned Revenue								
Ticket sales	$ 1,676,986	$ —	$ —	$ —	$ 1,676,986	$ 1,676,986	$ —	$ —
Rental income	166,987	540,000	—	(540,000)	166,987	166,987	—	—
Education	42,856	—	—	—	42,856	42,856	—	—
Auxiliaries	168,204	—	—	—	168,204	168,204	—	—
Miscellaneous	45,789	158	—	—	45,947	45,947	—	—
Realized gains	—	—	119,744	(119,744)	—	—	—	—
Unrealized gains	—	—	828,707	(828,707)	—	—	—	—
Interest and dividends	—	—	156,842	(156,842)	—	—	—	—
Interest on note receivable	—	—	204,522	(204,522)	—	—	—	—
Total Earned Revenue	2,100,822	540,158	1,309,815	(1,849,815)	2,100,980	2,100,980	—	—
Contributed Revenue								
Contributions from Lyric Opera	—	—	1,632,381	(1,632,381)	—	—	—	—
Contributions from Lyric Opera QALICB	—	—	597,896	(597,896)	—	—	—	—
Individual, corporate and foundation	4,636,295	—	25,000	(25,000)	4,636,295	2,558,604	2,077,691	—
Capital campaign	1,128,480	—	—	—	1,128,480	—	1,128,480	—
Federal, state and local	51,817	—	—	—	51,817	16,817	35,000	—
In-kind contributions	12,473	16,000	—	(16,000)	12,473	12,473	—	—
Lyric Opera ball	744,482	—	—	—	744,482	744,482	—	—
Net assets released from restrictions	—	—	—	—	—	2,627,273	(2,627,273)	—
Total Contributed Revenue	6,573,547	16,000	2,255,277	(2,271,277)	6,573,547	5,959,649	613,898	—
Total Revenue	8,674,369	556,158	3,565,092	(4,121,092)	8,674,527	8,060,629	613,898	—
Expenses								
Program Services:								
Production	3,163,833	—	—	—	3,163,833	3,163,833	—	—
Education	314,266	—	—	—	314,266	314,266	—	—
Professional services	—	—	33,800	(33,800)	—	—	—	—
Investment fees	—	—	27,089	(27,089)	—	—	—	—
Interest expense	—	—	119,366	(119,366)	—	—	—	—
Contribution to Lyric Opera	—	—	799,384	(799,384)	—	—	—	—
Total Program Services	3,478,099	—	979,639	(979,639)	3,478,099	3,478,099	—	—
Management And General:								
Theatre and building	717,185	1,151,790	—	(556,000)	1,312,975	1,312,975	—	—
Finance and administration	770,648	—	—	—	770,648	770,648	—	—
Charitable contributions to Lyric Foundation	1,632,381	—	—	—	1,632,381	1,632,381	—	—
Marketing	573,186	—	—	—	573,186	573,186	—	—
Ticket office	233,389	—	—	—	233,389	233,389	—	—
Total Management And General	3,926,789	1,151,790	—	(556,000)	4,522,579	4,522,579	—	—
Fundraising:								
Development	437,153	—	—	—	437,153	437,153	—	—
Auxiliaries	34,780	—	—	—	34,780	34,780	—	—
Lyric Opera ball	183,015	—	—	—	183,015	183,015	—	—
Total Fundraising	654,948	—	—	—	654,948	654,948	—	—
Total Expenses	8,059,836	1,151,790	979,639	(1,535,639)	8,655,626	8,655,626	—	—
Change In Net Assets Before Change In Value Of Net Assets Of Lyric Foundation	614,533	(595,632)	2,585,453	(2,585,453)	18,901	(594,997)	613,898	—
Change In Net Assets Of Lyric Foundation	—	—	—	2,585,453	2,585,453	—	2,560,453	25,000
Change In Net Assets	614,533	(595,632)	2,585,453	—	2,604,354	(594,997)	3,174,351	25,000
Net Assets - Beginning Of Year	2,463,042	227,903	11,402,042	(788,409)	13,304,578	244,019	6,888,472	6,172,087
Net Assets - End Of Year	$ 3,077,575	$ (367,729)	$ 13,987,495	$ (788,409)	$ 15,908,932	$ (350,978)	$ 10,062,823	$ 6,197,087