

**TULSA OPERA, INC.**

Combined Financial Statements

Years Ended June 30, 2017 and 2016

With

Independent Auditor's Report

**TULSA OPERA, INC.**

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## Independent Auditor's Report

To the Board of Directors  
Tulsa Opera, Inc.

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Tulsa Opera, Inc., which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, and combined cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Tulsa Opera, Inc. as of June 30, 2017 and 2016, 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.

MORSE & CO., PLLC

Tulsa, Oklahoma  
November 16, 2017

**TULSA OPERA, INC.**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

	Operating	Endowment	Total
Cash and cash equivalents	\$ 22,072	\$ 88,721	\$ 110,793
Pledges receivable	80,025	-	80,025
Deferred production costs and other prepaid expenses	86,813	-	86,813
Property and equipment, net	295,650	-	295,650
Endowment investments	-	3,600,031	3,600,031
Beneficial interest in assets held by others	-	293,520	293,520
	<u>\$ 484,560</u>	<u>\$ 3,982,272</u>	<u>\$ 4,466,832</u>
Total assets	<u>\$ 484,560</u>	<u>\$ 3,982,272</u>	<u>\$ 4,466,832</u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable and accrued expenses	\$ 19,284	\$ -	\$ 19,284
Deferred revenues	122,898	-	122,898
Line of credit	1,147,797	-	1,147,797
	<u>1,289,979</u>	<u>-</u>	<u>1,289,979</u>
Total liabilities	<u>1,289,979</u>	<u>-</u>	<u>1,289,979</u>

Net assets

Unrestricted	(805,419)	2,369,697	1,564,278
Temporarily restricted	-	-	-
Permanently restricted	-	1,612,575	1,612,575
	<u>(805,419)</u>	<u>3,982,272</u>	<u>3,176,853</u>
Total net assets	<u>(805,419)</u>	<u>3,982,272</u>	<u>3,176,853</u>
Total liabilities and net assets	<u>\$ 484,560</u>	<u>\$ 3,982,272</u>	<u>\$ 4,466,832</u>

See independent auditor's report and accompanying notes to combined financial statements.

**TULSA OPERA, INC.**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

**ASSETS**

	Operating	Endowment	Total
Cash and cash equivalents	\$ 17,396	\$ 119,462	\$ 136,858
Pledges receivable	13,796	-	13,796
Deferred production costs and other prepaid expenses	61,672	-	61,672
Property and equipment, net	268,542	-	268,542
Endowment investments	-	3,358,766	3,358,766
Beneficial interest in assets held by others	-	275,867	275,867
Total assets	<u>\$ 361,406</u>	<u>\$ 3,754,095</u>	<u>\$ 4,115,501</u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable and accrued expenses	\$ 41,551	\$ -	\$ 41,551
Deferred revenues	244,362	-	244,362
Line of credit	645,649	-	645,649
Total liabilities	<u>931,562</u>	<u>-</u>	<u>931,562</u>

Net assets

Unrestricted	(688,356)	2,141,520	1,453,164
Temporarily restricted	118,200	-	118,200
Permanently restricted	-	1,612,575	1,612,575
Total net assets	<u>(570,156)</u>	<u>3,754,095</u>	<u>3,183,939</u>
Total liabilities and net assets	<u>\$ 361,406</u>	<u>\$ 3,754,095</u>	<u>\$ 4,115,501</u>

See independent auditor's report and accompanying notes to combined financial statements.

**TULSA OPERA, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Contributions and grants	\$ 1,024,468	\$ 513,051	\$ -	\$ 1,537,519
In-kind contributions	45,021			45,021
Subscriptions and ticket sales	305,485	-	-	305,485
Special events	590,725	-	-	590,725
Gain (loss) on investments (realized and unrealized), net of investment advisory fees of \$19,665	159,016	-	-	159,016
Dividends and interest	69,822	-	-	69,822
Other	42,550	-	-	42,550
Net assets released from restriction	631,251	(631,251)	-	-
<b>Total revenues</b>	<b>2,868,338</b>	<b>(118,200)</b>	<b>-</b>	<b>2,750,138</b>
<b>Expenses</b>				
Artistic productions and education	1,624,279	-	-	1,624,279
Management and general	625,445	-	-	625,445
Marketing and ticket office	237,543	-	-	237,543
Development	86,111	-	-	86,111
Special events	183,846	-	-	183,846
<b>Total expenses</b>	<b>2,757,224</b>	<b>-</b>	<b>-</b>	<b>2,757,224</b>
Increase (decrease) in net assets	111,114	(118,200)	-	(7,086)
Net assets, beginning of year	1,453,164	118,200	1,612,575	3,183,939
Net assets, end of year	\$ 1,564,278	\$ -	\$ 1,612,575	\$ 3,176,853

See independent auditor's report and accompanying notes to combined financial statements.

**TULSA OPERA, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Contributions and grants	\$ 1,506,216	\$ 357,772	\$ -	\$ 1,863,988
In-kind contributions	39,055			39,055
Subscriptions and ticket sales	335,500	-	-	335,500
Special events	630,329	-	-	630,329
Gain (loss) on investments (realized and unrealized), net of investment advisory fees of \$19,175	(55,808)	-	-	(55,808)
Dividends and interest	82,530	-	-	82,530
Other	16,786	-	-	16,786
Net assets released from restriction	239,572	(239,572)	-	-
<b>Total revenues</b>	<b>2,794,180</b>	<b>118,200</b>	<b>-</b>	<b>2,912,380</b>
<b>Expenses</b>				
Artistic productions and education	1,540,830	-	-	1,540,830
Management and general	566,168	-	-	566,168
Marketing and ticket office	232,690	-	-	232,690
Development	85,125	-	-	85,125
Special events	179,648	-	-	179,648
<b>Total expenses</b>	<b>2,604,461</b>	<b>-</b>	<b>-</b>	<b>2,604,461</b>
Increase (decrease) in net assets	189,719	118,200	-	307,919
Net assets, beginning of year	1,263,445	-	1,612,575	2,876,020
Net assets, end of year	\$ 1,453,164	\$ 118,200	\$ 1,612,575	\$ 3,183,939

See independent auditor's report and accompanying notes to combined financial statements.



**TULSA OPERA, INC.**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (7,086)	\$ 307,919
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	35,651	30,621
Net investment losses (gains)	(159,016)	36,633
Change in assets and liabilities:		
Pledges receivable	(66,229)	2,695
Deferred production costs and other prepaid expenses	(25,141)	(1,058)
Accounts payable and accrued expenses	(22,267)	(65,420)
Deferred revenues	(121,464)	(22,242)
Net cash provided by (used in) operating activities	(365,552)	289,148
Cash flows from investing activities		
Purchase of property and equipment	(62,759)	(56,860)
Change in investments, net	(99,902)	113,429
Net cash provided by (used in) investing activities	(162,661)	56,569
Cash flows from financing activities		
Cash proceeds from line of credit	1,035,000	1,715,649
Payments on line of credit	(532,852)	(1,230,000)
Repayment of note payable	-	(1,000,000)
Net cash provided by (used in) financing activities	502,148	(514,351)
Change in cash and cash equivalents	(26,065)	(168,634)
Cash and cash equivalents, beginning of year	136,858	305,492
Cash and cash equivalents, end of year	\$ 110,793	\$ 136,858
Supplemental disclosure of cash flows:		
Cash paid for interest	\$ 19,276	\$ 22,392

See independent auditor's report and accompanying notes to combined financial statements.

**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization** - Tulsa Opera, Inc. ("Opera") is an Oklahoma nonprofit corporation formed for the purpose of furthering the appreciation of music, particularly opera, for the general public. Tulsa Opera reaches the general public through opera performances, education, and outreach. The majority of gifts are received from a broad base of contributors who are committed to supporting the arts in the Tulsa area.

**Principles of Combination** - The accompanying financial statements include the combined accounts of Tulsa Opera, Inc. and its related endowment account, Tulsa Opera Endowment Trust. All significant related transactions have been eliminated.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principals. Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

**Unrestricted** - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

**Temporarily restricted** - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Opera and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted** - Net assets subject to donor-imposed restrictions whereby the donor has explicitly expressed that the income earned on their donations may be expended for Opera activities while the corpus is to remain intact.

**Cash and Cash equivalents** - Cash and cash equivalents include cash on hand, cash in bank accounts, and investments with initial maturities of three months or less, except for deposits from contributions that have donor-imposed restrictions limiting their use to long-term investments.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position, with investment income, gains, and losses included in the statement of activities.

The fair values of investments are generally determined based on quoted market prices or estimates of fair value provided by external investment managers. The amounts the Opera will ultimately realize could differ materially, and significant fluctuations in fair values could occur from year to year. Investment gains and losses generally increase or decrease the Opera's unrestricted net assets unless the terms of the gift or applicable law impose restrictions on the use of income or gains and losses.

(Continued)

**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Contributions and Grants Receivable*** - Contributions and grants are recorded at fair value at the time an unconditional promise is made. Conditional promises to give are not recorded until the condition is substantially met. Receivables are generally collectible within one year and management believes that no material losses will be incurred from receivables. Amounts the Opera will ultimately realize could materially differ from management's estimates.

***Property and Equipment*** - Property and equipment are recorded at cost, if purchased. Donations of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, Opera reports the expiration of donor restrictions when the donated or acquired assets are placed in service; at that time, the assets are transferred from restricted net assets to unrestricted net assets. Property and equipment are depreciated using the straight-line method. Useful lives range from three to thirty-one years. The Opera follows the practice of capitalizing expenditures for property and equipment in excess of \$2,500 with a useful life of more than one year.

The Opera records impairments to its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Opera based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2017 or 2016.

***Beneficial Interest in Assets Held by Others*** - Beneficial interest in assets held by others represents amounts contributed by the Opera to establish certain donor-advised philanthropic funds ("Funds") within the Tulsa Community Foundation ("Foundation"). The Funds are intended for the benefit of the Opera. While the Opera has the right to recommend distributions from the funds, distributions from the funds will be made at the sole discretion of the Foundation's Board of Trustees. The funds are carried at fair market value. Unrealized gains and losses are included in the Statement of Activities.

The Organization has additional investments with the Tulsa Community Foundation of \$302,753 and \$306,848 at June 30, 2017 and 2016, respectively, which includes contributions made by others for the benefit of Tulsa Opera, Inc. The Foundation has the power to modify the donor's stipulations under certain conditions as the Foundation monitors the changing needs of the community. As such, this amount is not included as an asset, but distributions are recorded when received.

***Artistic Productions*** - Opera subscriptions, individual ticket sales, and related productions costs are recognized in the fiscal year in which the performances are presented. Proceeds from advance ticket sales are recorded as deferred revenues.

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**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Functional Allocation of Expenses*** - The costs of providing programs and other supporting activities have been summarized on a functional basis in the statement of activities.

***Income Taxes*** - The most recent determination letter from the Internal Revenue Service states that the Opera is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Opera has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the code.

The Opera has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-25, Accounting for Uncertainty in Income Taxes. The Opera will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by a taxing authority.

The Opera's evaluation on June 30, 2017, revealed no uncertain tax positions that would have a material impact on the financial statements. The Opera will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Opera is no longer subject to tax examinations by taxing authorities for years before 2014.

***Advertising Costs*** - The Opera expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2017 and 2016, was \$126,519 and \$65,358, respectively.

***Estimates*** - The preparation of financial statements in conformity with accounting principals 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

***Contributed Services and Assets*** - During the years ended June 30, 2017 and 2016, Opera received services contributed by volunteers. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts. Additionally, the value of contributed services which did meet the requirements for recognition in the financial statements was not material and has not been recorded.

***Fair Value Measurements*** - The Organization has determined the fair value of certain assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Opera employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

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**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fair Value Measurements (Continued)* - Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

*Subsequent Events* - The Opera has evaluated subsequent events through November 16, 2017, the date the financial statements were available to be issued.

**NOTE 2 - ENDOWMENT INVESTMENTS**

The fair value of endowment investments is as follows:

	2017	2016
Equity investments	\$ 2,319,172	\$ 2,032,157
Fixed income	1,168,399	1,326,609
Short-term investments	112,460	-
	<u>\$ 3,600,031</u>	<u>\$ 3,358,766</u>

The cost of endowment investments is as follows:

	2017	2016
Equity investments	\$ 2,142,918	\$ 2,019,000
Fixed income	1,158,390	1,282,136
Short-term investments	109,616	-
	<u>\$ 3,410,924</u>	<u>\$ 3,301,136</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Opera to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2017 and 2016.

***Strategies Employed for Achieving Objectives***

In order to achieve desired results, the investment strategy should emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

(Continued)

**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

*Return Objectives and Risk Parameters*

The Opera has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy the endowment assets are invested in a manner that is intended to produce results that equal or exceed the spending rate of 5% plus the Consumer Price Index (CPI) over a full market cycle.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Opera has a policy of distributing a fixed percentage of the portfolio in order to provide an ongoing stream of income to support operating activities. In establishing this policy, the Opera considered the long-term expected return on its endowment. Accordingly, over the long term, the Opera expects the current spending policy to allow its endowment to grow.

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable are estimated to be collected as follows at June 30:

	2017	2016
Within one year	\$ 80,025	\$ 13,796
In one to five years	-	-
Total pledges receivable	<u>\$ 80,025</u>	<u>\$ 13,796</u>

Pledge receivables from one donor totaled approximately 94% of total pledge receivables at June 30, 2017.

**NOTE 4 - INVESTMENTS**

Investment income and gains and losses on investments consist of the following for the years ended June 30,

	2017	2016
Dividend and interest	\$ 69,822	\$ 82,530
Realized gain/loss on investments	5,572	925,207
Net change in unrealized gains (losses) on investments	153,444	(981,015)
Net investment gain	<u>\$ 228,838</u>	<u>\$ 26,722</u>

(Continued)

**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring basis are as follows:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>June 30, 2017</b>			
Endowment Investments	\$ 3,600,031	\$ -	\$ -
Beneficial interest in assets held by others	-	293,520	-
Pledges receivable	-	-	80,025
Total Assets	\$ 3,600,031	\$ 293,520	\$ 80,025
<b>June 30, 2016</b>			
Endowment Investments	\$ 3,358,766	\$ -	\$ -
Beneficial interest in assets held by others	-	275,867	-
Pledges receivable	-	-	13,796
Total Assets	\$ 3,358,766	\$ 275,867	\$ 13,796

The beneficial interest in assets held by Tulsa Community Foundation are carried at fair value, which is based upon quoted market prices at June 30, 2017 and 2016. Amounts subject to the variance power of the Tulsa Community Foundation are not recorded as an asset of the Opera.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2017	2016
Buildings and improvements	\$ 412,005	\$ 404,146
Land	106,837	106,837
Furniture, fixtures, and equipment	396,445	354,546
Automobiles	42,615	42,615
Total property and equipment	957,902	908,144
Less accumulated depreciation	(662,252)	(639,602)
Net property and equipment	\$ 295,650	\$ 268,542

(Continued)

**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Production	\$ -	\$ 113,200
Education	-	5,000
	\$ -	\$ 118,200

During the years ended June 30, 2017 and 2016, net assets in the amount of \$631,251 and \$239,572, respectively, were released from donor restrictions.

Permanently restricted net assets consist of the following:

	2017	2016
Perpetual Endowment	\$ 1,612,575	\$ 1,612,575

**NOTE 8 - LINE OF CREDIT**

The Opera has a line of credit with a bank whereby it may borrow up to \$2,000,000 for the purpose of short-term financing of its operations. This financing agreement, which matures on October 15th, 2020, is secured by real estate. Interest accrues at the 1 month LIBOR interest rate, which at June 30, 2017, was 1.22%, plus 1.75%. As of June 30, 2017 and 2016 the outstanding balance was \$1,147,797 and \$645,649, respectively. It should be noted that the benchmark 1 month LIBOR interest rate will end in 2021. Bank of Oklahoma will substitute a different interest benchmark that has yet to be decided.

**NOTE 9 - LEASES**

The Opera leased various equipment and a storage facility under non-cancellable operating lease agreements. No new lease agreements were entered into during 2017. Total rent expense was \$66,427 and \$59,361 for the years ended June 30, 2017 and 2016, respectively.

The following is a schedule of operating lease obligations:

Year Ending June 30,	Amount
2017	\$ 32,124
2018	32,124
2019	30,993
2020	16,100
	\$ 111,341

(Continued)



**TULSA OPERA, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 10 - EMPLOYEE BENEFIT PLANS**

Tulsa Opera, Inc. has adopted a 403(b) retirement plan which allows certain employees, based on eligibility, the option to make tax deferred contributions. Matching contributions from Tulsa Opera, Inc. are discretionary for employees with more than one year of service.

**NOTE 11 - CONCENTRATIONS OF CREDIT RISK**

The Opera had agreements with the local American Federation of Musicians Union for performances in Opera productions during fiscal years June 30, 2017 and 2016.

The Opera's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash balances at local banks. At June 30, 2017 and 2016, the balances were insured by the Federal Deposit Insurance Corporation. At times, the Opera's deposits may exceed insured amounts. Management believes the risk related to these deposits are minimal.

The Opera maintains investment accounts with the Tulsa Community Foundation. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, the Opera's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.