



**FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

BOSTON LYRIC OPERA COMPANY

Contents
June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
Boston Lyric Opera Company:

Report on the Financial Statements

We have audited the accompanying financial statements of Boston Lyric Opera Company (a Massachusetts corporation, not for profit), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Boston Lyric Opera Company as of June 30, 2020 and 2019, 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.

AAFCPAs, Inc.

Boston, Massachusetts
December 9, 2020

BOSTON LYRIC OPERA COMPANY

 Statements of Financial Position
 June 30, 2020 and 2019

Assets	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 1,046,153	\$ 40,844	\$ 1,086,997	\$ 146,583	\$ 239,063	\$ 385,646
Accounts receivable	1,767	-	1,767	15,672	-	15,672
Current portion of pledges receivable, net of allowance for doubtful accounts of \$25,000	810,240	1,372,500	2,182,740	2,464,078	1,166,500	3,630,578
Prepaid expenses and other	59,903	-	59,903	96,280	-	96,280
Restricted cash	95,976	-	95,976	-	-	-
Short-term investments	150,000	-	150,000	-	-	-
Total current assets	2,164,039	1,413,344	3,577,383	2,722,613	1,405,563	4,128,176
Investments	57,937	14,496,330	14,554,267	59,695	15,724,621	15,784,316
Pledges Receivable, net of current portion and discount	-	2,212,664	2,212,664	-	2,298,089	2,298,089
Deposits	4,000	-	4,000	24,000	-	24,000
Property and Equipment, net	141,772	-	141,772	91,970	-	91,970
Total assets	\$ 2,367,748	\$ 18,122,338	\$ 20,490,086	\$ 2,898,278	\$ 19,428,273	\$ 22,326,551
Liabilities and Net Assets						
Current Liabilities:						
Line of credit	\$ 750,000	\$ -	\$ 750,000	\$ 1,100,000	\$ -	\$ 1,100,000
Refundable advance	95,976	-	95,976	-	-	-
Accounts payable and accrued expenses	593,593	-	593,593	403,731	-	403,731
Advance ticket subscriptions and other deferred revenue	358,672	-	358,672	490,563	-	490,563
Total current liabilities	1,798,241	-	1,798,241	1,994,294	-	1,994,294
Note Payable	150,000	-	150,000	-	-	-
Total liabilities	1,948,241	-	1,948,241	1,994,294	-	1,994,294
Net Assets:						
Without donor restrictions:						
Operating	277,735	-	277,735	812,014	-	812,014
Property and equipment	141,772	-	141,772	91,970	-	91,970
Total without donor restrictions	419,507	-	419,507	903,984	-	903,984
With donor restrictions	-	18,122,338	18,122,338	-	19,428,273	19,428,273
Total net assets	419,507	18,122,338	18,541,845	903,984	19,428,273	20,332,257
Total liabilities and net assets	\$ 2,367,748	\$ 18,122,338	\$ 20,490,086	\$ 2,898,278	\$ 19,428,273	\$ 22,326,551

The accompanying notes are an integral part of these statements.

BOSTON LYRIC OPERA COMPANY

 Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue:						
Operating support:						
Contributions	\$ 2,775,220	\$ 1,057,075	\$ 3,832,295	\$ 4,464,341	\$ 1,014,723	\$ 5,479,064
Grants	1,053,193	164,000	1,217,193	404,062	38,000	442,062
Special events	627,928	85,000	712,928	342,121	25,000	367,121
Donated tickets	242,332	-	242,332	-	-	-
In-kind contributions	104,661	-	104,661	88,577	-	88,577
Net assets released from restrictions:						
Time - other	1,266,444	(1,266,444)	-	1,609,000	(1,609,000)	-
Time - special events	60,000	(60,000)	-	40,000	(40,000)	-
Purpose	55,510	(55,510)	-	51,370	(51,370)	-
Total operating support	<u>6,185,288</u>	<u>(75,879)</u>	<u>6,109,409</u>	<u>6,999,471</u>	<u>(622,647)</u>	<u>6,376,824</u>
Operating revenue:						
Investment return designated for current operations	850,000	-	850,000	675,000	-	675,000
Ticket sales	464,495	-	464,495	1,189,351	-	1,189,351
Rental and other	24,127	-	24,127	48,210	-	48,210
Total operating revenue	<u>1,338,622</u>	<u>-</u>	<u>1,338,622</u>	<u>1,912,561</u>	<u>-</u>	<u>1,912,561</u>
Total operating support and revenue	<u>7,523,910</u>	<u>(75,879)</u>	<u>7,448,031</u>	<u>8,912,032</u>	<u>(622,647)</u>	<u>8,289,385</u>
Operating Expenses:						
Program	5,533,242	-	5,533,242	6,956,343	-	6,956,343
Management and general	880,811	-	880,811	821,474	-	821,474
Fundraising	1,083,287	-	1,083,287	1,060,906	-	1,060,906
Total operating expenses	<u>7,497,340</u>	<u>-</u>	<u>7,497,340</u>	<u>8,838,723</u>	<u>-</u>	<u>8,838,723</u>
Changes in net assets from operations	<u>26,570</u>	<u>(75,879)</u>	<u>(49,309)</u>	<u>73,309</u>	<u>(622,647)</u>	<u>(549,338)</u>
Non-Operating Revenue (Expenses):						
Venue search contributions	-	168,259	168,259	-	-	-
Endowment contributions and grants	-	55,000	55,000	-	1,031,000	1,031,000
Net assets released from restrictions - venue search	168,024	(168,024)	-	-	-	-
Venue search, fees and related costs	(168,706)	-	(168,706)	-	-	-
Investment return, net	(5,950)	(435,291)	(441,241)	3,108	1,060,504	1,063,612
Performance cancellation fees	(504,415)	-	(504,415)	-	-	-
Investment return designated for current operations	-	(850,000)	(850,000)	-	(675,000)	(675,000)
Total non-operating revenue (expenses)	<u>(511,047)</u>	<u>(1,230,056)</u>	<u>(1,741,103)</u>	<u>3,108</u>	<u>1,416,504</u>	<u>1,419,612</u>
Changes in net assets	<u>(484,477)</u>	<u>(1,305,935)</u>	<u>(1,790,412)</u>	<u>76,417</u>	<u>793,857</u>	<u>870,274</u>
Net Assets:						
Beginning of year	<u>903,984</u>	<u>19,428,273</u>	<u>20,332,257</u>	<u>827,567</u>	<u>18,634,416</u>	<u>19,461,983</u>
End of year	<u>\$ 419,507</u>	<u>\$ 18,122,338</u>	<u>\$ 18,541,845</u>	<u>\$ 903,984</u>	<u>\$ 19,428,273</u>	<u>\$ 20,332,257</u>

The accompanying notes are an integral part of these statements.

BOSTON LYRIC OPERA COMPANY

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (1,790,412)	\$ 870,274
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	46,516	41,907
Net losses (gains) on investments	775,497	(687,310)
Change in discount of pledges receivable	(46,402)	58,777
Bad debt	3,500	576
Endowment contributions and grants	(55,000)	(1,031,000)
Changes in operating assets and liabilities:		
Accounts receivable	13,905	(15,672)
Pledges receivable	1,574,165	(456,743)
Prepaid expenses and other	36,377	135,642
Deposits	20,000	-
Refundable advance	95,976	-
Accounts payable and accrued expenses	189,862	92,410
Advance ticket subscriptions and other deferred revenue	(131,891)	(103,082)
Net cash provided by (used in) operating activities	<u>732,093</u>	<u>(1,094,221)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(96,318)	(41,680)
Purchase of investments	(6,114,617)	(2,389,868)
Proceeds from sale of investments	6,419,169	2,577,414
Net cash provided by investing activities	<u>208,234</u>	<u>145,866</u>
Cash Flows from Financing Activities:		
Draws (payments) on line of credit, net	(350,000)	850,000
Proceeds from note payable	150,000	-
Endowment cash contributions and pledge payments	57,000	110,000
Net cash provided by (used in) financing activities	<u>(143,000)</u>	<u>960,000</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	797,327	11,645
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>385,646</u>	<u>374,001</u>
End of year	<u>\$ 1,182,973</u>	<u>\$ 385,646</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	\$ 1,086,997	\$ 385,646
Restricted cash	<u>95,976</u>	<u>-</u>
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 1,182,973</u>	<u>\$ 385,646</u>
Supplemental Disclosures of Cash Flow Transactions:		
Unrealized (losses) gains on investments	<u>\$ (1,540,306)</u>	<u>\$ 825,562</u>
Cash paid for interest	<u>\$ 44,121</u>	<u>\$ 40,363</u>

BOSTON LYRIC OPERA COMPANY

 Statements of Functional Expenses
 For the Years Ended June 30, 2020 and 2019

	2020				2019			
	Support Services			Total	Support Services			Total
	Program	Management and General	Fundraising		Program	Management and General	Fundraising	
Operating Expenses:								
Salaries, taxes and benefits	\$ 1,357,832	\$ 574,874	\$ 605,166	\$ 2,537,872	\$ 1,188,605	\$ 592,605	\$ 593,218	\$ 2,374,428
Direct performance costs	2,003,426	-	-	2,003,426	3,060,715	-	-	3,060,715
Principal artist fees and benefits	907,542	-	-	907,542	1,428,324	-	-	1,428,324
Occupancy	247,070	87,274	72,728	407,072	183,491	50,245	43,067	276,803
Consultants	179,536	62,923	37,994	280,453	161,493	75,415	12,791	249,699
Events	-	-	238,606	238,606	33,297	-	275,335	308,632
Advertising and public relations	224,511	-	510	225,021	283,120	-	-	283,120
Information technology	146,599	23,055	25,711	195,365	142,242	20,135	20,369	182,746
Professional fees	108,766	45,622	2,053	156,441	86,832	27,500	-	114,332
Travel and entertainment	67,520	4,502	18,288	90,310	82,519	9,624	37,971	130,114
Printing and postage	50,475	2,487	33,612	86,574	57,709	2,178	22,653	82,540
Bank fees and interest expense	36,689	24,284	18,293	79,266	61,213	10,868	9,382	81,463
Miscellaneous	50,450	7,859	9,291	67,600	32,630	5,818	14,115	52,563
Artistic research and planning	53,569	-	-	53,569	53,686	-	-	53,686
Insurance	41,914	6,690	4,906	53,510	40,742	6,889	5,905	53,536
Office equipment and supplies	16,835	27,656	4,711	49,202	23,692	7,839	17,066	48,597
Depreciation	29,380	9,346	7,790	46,516	25,549	8,808	7,550	41,907
Dues and subscriptions	11,128	4,239	3,628	18,995	10,484	3,550	1,484	15,518
Total expenses	\$ 5,533,242	\$ 880,811	\$ 1,083,287	\$ 7,497,340	\$ 6,956,343	\$ 821,474	\$ 1,060,906	\$ 8,838,723

The accompanying notes are an integral part of these statements.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Boston Lyric Opera Company (BLO) is a Massachusetts nonprofit institution incorporated in 1976. Entering its 44th season, BLO is New England's largest and oldest opera company. Celebrated for its artistic excellence and diverse repertoire, BLO's mission is to build curiosity, enthusiasm and support for opera by creating musically and theatrically compelling productions and events, and to provide educational resources for the Boston community and beyond.

BLO's long-term success is based on its commitment to offering the highest caliber productions of both classic and contemporary operas; providing an internationally renowned platform on which emerging artists can develop; engaging new and diverse audiences through innovations in technology, outreach and strategic communications; and by offering collaborative education and community events on its own and in partnership with other Boston-based cultural institutions. BLO achieves its mission by ensuring the availability and accessibility of one of the world's greatest and oldest art forms for generations to come.

Funded in part by a grant from the Massachusetts Cultural Council and the National Endowment for the Arts, BLO generally reaches annual audiences of more than 20,000 through the staging of four productions and community outreach programs each season. In fiscal year 2020, BLO staged its productions at the DCR's Steriti Memorial Rink, the Emerson Cutler Majestic and Paramount Theatres, two of which were cancelled due to COVID 19 (see Note 17). BLO incurred cancellation fees related to these shows.

BLO is exempt from Federal income taxes as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). BLO is also exempt from state income taxes. Donors may deduct contributions made to BLO within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

BLO prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Recently Adopted Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 1, 2019, BLO adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2019 (the practical expedient elected). Results for reporting periods beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with BLO's historic accounting under Topic 605.

There were no material changes in the timing of recognition of revenue as a result of this adoption and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. BLO does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards (Continued)

Contributions Received and Contributions Made

During fiscal year 2020, BLO adopted FASB's ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. BLO adopted ASU No. 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the fiscal year 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

Restricted Cash

Also, during fiscal year 2019, BLO adopted FASB's ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash within the statements of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the statements of cash flows. This ASU has been applied retrospectively to all periods presented. The adoption of ASU No. 2016-18 did not result in any changes to BLO's cash flow classification for the year ended June 30, 2019.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Property and Equipment and Depreciation

Purchased property and equipment over \$1,000 and with a useful life of more than one year are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Sets and properties are expensed as production costs in the year of the related performance.

Depreciation of property and equipment (see Note 5) is computed using the straight-line method over estimated useful lives of three to seven years. Depreciation expense for the years ended June 30, 2020 and 2019, was \$46,516 and \$41,907, respectively.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, BLO must determine whether a contribution (or a promise) is deemed conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that BLO should not consider probability of compliance with the barrier when determining if such awards are conditional. Assets received before the barrier is overcome are accounted for as refundable advances. See Note 11 for disclosure of BLO's conditional grant at June 30, 2020.

Grants and contributions without donor restrictions are recorded as operating support and net assets without donor restrictions when unconditionally received or pledged. Grants and contributions with donor restrictions are recorded as donor-restricted support and net assets when BLO receives the contributions or an unconditional commitment accompanied by restrictions imposed by the donor. Donor-restricted grants and contributions are recorded as donor-restricted support and net assets if received or committed with donor stipulations that the net assets be held in perpetuity. In addition, net investment earnings (losses) on such donor-restricted endowment investments are recorded in investment return with donor restrictions under non-operating revenue. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Special event revenue is recognized in the period in which the event takes place.

In accordance with Topic 606, the performance obligation of delivering the performance is simultaneously received and consumed by the recipients; therefore, ticket sales revenue is recognized as productions are performed. Ticket sales and production set rentals received in advance of performances are recorded as advance ticket subscriptions and other deferred revenue in the accompanying statements of financial position.

For investment return (see Note 6), interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period.

All other revenues are recorded when earned.

Allowance for Doubtful Accounts and Pledges

An allowance for doubtful accounts and pledges (see Note 9) is recorded based on BLO's policy, which takes into account factors such as management's review of accounts and pledges receivable and their estimate of amounts that may become uncollectible. Amounts are written off as they are determined to be uncollectible.

Cash and Cash Equivalents

Cash and cash equivalents include checking and money market accounts, excluding those included in the investment portfolio (see Note 6) and restricted cash.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash at June 30, 2020, represents unspent Paycheck Protection Program loan proceeds (see Note 11).

Fair Value Measurements

BLO follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that BLO would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

BLO uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of BLO. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. BLO values its investments in certain fixed income investments (certain government, agency, and corporate bonds) using significant other observable, or Level 2 inputs, as explained further in Note 6. BLO values all other investments, which are publicly traded, using observable, or Level 1 inputs - the quoted price in an active market.

A summary of inputs used in valuing BLO's investments as of June 30, 2020 and 2019, is included in Note 6.

Charitable Remainder Trust

A summary of inputs used in valuing BLO's Charitable Remainder Trust as of June 30, 2020 and 2019, is included in Note 9.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Return Allocations

Massachusetts state law allows BLO to appropriate as much of the appreciation of its endowment as is prudent considering BLO's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The Board of Directors has voted to allow for the use of a portion of total investment return for operations each year. BLO may annually distribute from its investment portfolios an amount in accordance with its current spending policy. Transfers to operating net assets, in accordance with this policy, are reflected in the accompanying statements of activities and changes in net assets as investment return designated for current operations (see Note 4).

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue (expenses) includes endowment, investment, capital, and other non-operating activity.

Donated Goods and Services

Other organizations contribute goods and services to BLO in support of various aspects of its programs. These goods and services are reflected as in-kind contributions and as expenses in the accompanying financial statements based upon the estimated value assigned to them by the donating organizations or by management.

The value of these goods and services for the years ended June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Legal and other consulting	\$ 104,661	\$ 86,832
Event supplies and services	<u>-</u>	<u>1,745</u>
	<u>\$ 104,661</u>	<u>\$ 88,577</u>

BLO receives additional donated services relating to various aspects of its operations. The value of these services does not meet the criteria for recording under U.S. GAAP; accordingly, no value is reflected in the accompanying financial statements.

Expense Allocations

Expenses related directly to a function are distributed to that function, while other expenses are allocated to functions based upon management's estimate of percentage attributable to each function. The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, taxes and benefits, occupancy, information technology, bank fees and interest expense, insurance, office equipment and supplies, depreciation, and certain miscellaneous expenses. The expenses are allocated on the basis of estimates of time and effort and employee headcount.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

At June 30, 2020 and 2019, prepaid expenses include approximately \$34,000 and \$69,000, respectively, of costs incurred relating to productions to be performed during the next fiscal year. These costs are expensed at the time of the related productions.

Advertising Costs

BLO expenses advertising costs in the year of the related performance. During fiscal years 2020 and 2019, BLO incurred \$135,000 and \$197,000, respectively, of advertising costs. These costs are included in advertising and public relations in the accompanying statements of functional expenses for the years ended June 30, 2020 and 2019.

Subsequent Events

Subsequent events have been evaluated through December 9, 2020, which is the date the financial statements were available to be issued. Except for the events noted in Notes 7, 10, and 12, there were no events that met the criteria for recognition or disclosure in the financial statements.

Income Taxes

BLO accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. BLO has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2020 and 2019. However, BLO's information returns are subject to examination by the appropriate jurisdictions.

3. NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by BLO. BLO has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent funds available to carry on the operations of BLO.

Property and equipment net assets reflect the net book value of BLO's property and equipment.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

3. NET ASSETS (Continued)

Net Assets With Donor Restrictions

BLO receives contributions and grants which are designated by donors for specific time periods or purposes and are recorded as net assets with donor restrictions until they are expended for their designated purposes or as time restrictions expire. Net assets with donor restrictions also include endowment funds accumulated from donor-restricted gifts. Earnings from these gifts may be used for operations, but the principal may not be spent. In accordance with Massachusetts law, all earnings, including interest and dividends, and appreciation of a donor-restricted endowment are added to net assets with donor restrictions until appropriated by the Board of Directors, and are released to net assets without donor restrictions based on BLO's investment spending policy (see Notes 2 and 4).

BLO's endowment includes a grant from the National Endowment for the Arts and matching funds totaling \$160,000. The grant terms stipulate that the funds are to be used to create a permanent reserve fund, which may be loaned to the net assets without donor restrictions for a period of up to one year.

The investment return on endowment is expendable for the support of BLO's operations, consistent with its spending policy (see Notes 2 and 4).

Net assets with donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Time restricted - future years	\$ 2,301,578	\$ 2,348,712
Purpose restricted	108,905	162,415
Time restricted - special events	<u>95,000</u>	<u>70,000</u>
Total other donor restrictions	<u>2,505,483</u>	<u>2,581,127</u>
Endowment donor corpus	15,094,461	15,039,461
Unspent appreciation on endowment	<u>522,394</u>	<u>1,807,685</u>
Total endowment	<u>15,616,855</u>	<u>16,847,146</u>
Total net assets with donor restrictions	<u>\$ 18,122,338</u>	<u>\$ 19,428,273</u>

4. ENDOWMENT

BLO's endowment consists of donor restricted funds established for a variety of purposes (see Note 3). As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

BOSTON LYRIC OPERA COMPANYNotes to Financial Statements
June 30, 2020 and 2019**4. ENDOWMENT (Continued)**

A reconciliation of endowment activity for the years ended June 30, 2020 and 2019, is as follows:

	<u>With Donor Restrictions</u>		
	<u>Appreciation on Endowment</u>	<u>Endowment</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 1,422,181	\$ 14,008,461	\$ 15,430,642
Endowment contributions	-	1,031,000	1,031,000
Investment return, net:			
Interest and dividends	457,926	-	457,926
Net realized losses	(136,552)	-	(136,552)
Net unrealized gains	822,259	-	822,259
Investment fees	(83,129)	-	(83,129)
Total investment return, net	<u>1,060,504</u>	<u>-</u>	<u>1,060,504</u>
Investment return designated for current operations	<u>(675,000)</u>	<u>-</u>	<u>(675,000)</u>
Endowment net assets, June 30, 2019	<u>1,807,685</u>	<u>15,039,461</u>	<u>16,847,146</u>
Endowment contributions	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Investment return, net:			
Interest and dividends	414,136	-	414,136
Net realized gains	767,602	-	767,602
Net unrealized losses	(1,534,145)	-	(1,534,145)
Investment fees	(82,884)	-	(82,884)
Total investment return, net	<u>(435,291)</u>	<u>-</u>	<u>(435,291)</u>
Investment return designated for current operations	<u>(850,000)</u>	<u>-</u>	<u>(850,000)</u>
Endowment net assets, June 30, 2020	<u>\$ 522,394</u>	<u>\$ 15,094,461</u>	<u>\$ 15,616,855</u>

BLO has adopted investment and spending policies for endowment assets. Endowment assets include those assets of donor restricted funds that BLO must hold in perpetuity. Under this policy, as approved by the Board of Directors, the primary long-term financial objective is to preserve the real (i.e. inflation adjusted) value of the endowment investment portfolio. This objective is measured on an intermediate and long-term basis (three, five and ten years). The secondary financial objectives are to provide within the parameters of moderate risk; 1) annual income, defined as total return from interest, dividends and appreciation in excess of inflation and; 2) long-term growth of the assets.

To satisfy its objectives, BLO relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). BLO targets a diversified asset allocation that includes equities and fixed income investments within prudent risk constraints.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

4. ENDOWMENT (Continued)

BLO has adopted an investment spending policy related to its endowment assets (see page 13) that incorporates the transfer of a portion of the value of endowment assets to the operating budget subject to various factors.

The spending policy is calculated as follows: each fiscal year BLO may, under the advisement of the Finance Committee, transfer to the operating budget an amount equal to the sum of the following:

- 70 percent of the prior fiscal year's draw
- 30 percent of 5 percent of the prior fiscal year's average quarterly market value of the endowment fund, inclusive of the endowment fund's pro rata share of investment management and custodial fees, but exclusive of prior years' new gifts
- 5 percent of the cash contributions (1.25 percent per quarter) for four consecutive quarters beginning with the quarter of receipt

In accordance with current state law - the Uniform Prudent Management of Institutional Funds Act, known as "UPMIFA", (adopted by the Commonwealth of Massachusetts on June 30, 2009) - BLO considers the following standards of prudence as it annually reviews the effects of the spending policy detailed above:

- 1) The policy and preservation of the endowment fund
- 2) The purposes of BLO and the endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of BLO
- 7) The investment policy of BLO

BLO appropriated \$700,000 and \$675,000 of net assets during the years ended June 30, 2020 and 2019, respectively, to be used for operations in accordance with the spending policy.

In the event of a significant market decline, BLO will consider all factors relevant to the stated goal in determining any change to the appropriation as allowed by UPMIFA. During fiscal year 2020, BLO made an additional \$150,000 appropriation of net assets to be used for operations in response to the COVID-19 public health pandemic, for a total of \$850,000.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 186,271	\$ 191,946
Software	152,399	152,399
Computer hardware	77,373	73,570
Leasehold improvements	75,290	-
Furniture and fixtures	<u>70,047</u>	<u>61,852</u>
	561,380	479,767
Less - accumulated depreciation	<u>419,608</u>	<u>387,797</u>
	<u>\$ 141,772</u>	<u>\$ 91,970</u>

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

6. INVESTMENTS

Investments are carried at fair value. The following is a summary of the investment portfolio as of June 30, 2020 and 2019, by level within the valuation framework (see Note 2):

Description	2020			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ -	\$ 3,131,343	\$ -	\$ 3,131,343
Money market accounts	844,333	-	-	844,333
Government and agency bonds	-	199,894	-	199,894
Preferred stocks:				
Domestic preferred stocks	1,095,597	-	-	1,095,597
Foreign preferred stocks	55,990	-	-	55,990
Equities:				
Financial	1,726,747	-	-	1,726,747
Foreign equities	1,427,990	-	-	1,427,990
Business products and services	1,396,725	-	-	1,396,725
Consumer non-durables	1,204,426	-	-	1,204,426
Capital goods	773,640	-	-	773,640
Utilities	508,956	-	-	508,956
Consumer services	445,980	-	-	445,980
Basic industries and materials	261,431	-	-	261,431
Industrial electronics	239,148	-	-	239,148
Other	227,962	-	-	227,962
Information technology	201,236	-	-	201,236
Energy	140,431	-	-	140,431
Consumer durables and staples	124,951	-	-	124,951
Real estate	108,828	-	-	108,828
Mutual fund - foreign	-	588,659	-	588,659
	<u>\$ 10,784,371</u>	<u>\$ 3,919,896</u>	<u>\$ -</u>	<u>\$ 14,704,267</u>
Description	2019			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ -	\$ 2,585,229	\$ -	\$ 2,585,229
Money market accounts	513,119	-	-	513,119
Government and agency bonds	-	420,240	-	420,240
Preferred stocks:				
Domestic preferred stocks	1,667,584	-	-	1,667,584
Foreign preferred stocks	58,300	-	-	58,300
Equities:				
Financial	1,754,450	-	-	1,754,450
Foreign equities	1,925,161	-	-	1,925,161
Business products and services	1,750,343	-	-	1,750,343
Consumer non-durables	1,455,299	-	-	1,455,299
Capital goods	771,673	-	-	771,673
Utilities	128,380	-	-	128,380
Consumer services	362,280	-	-	362,280
Basic industries and materials	383,575	-	-	383,575
Industrial electronics	220,097	-	-	220,097
Other	314,316	-	-	314,316
Information technology	469,286	-	-	469,286
Energy	188,047	-	-	188,047
Consumer durables and staples	154,607	-	-	154,607
Mutual fund - foreign	-	662,330	-	662,330
	<u>\$ 12,116,517</u>	<u>\$ 3,667,799</u>	<u>\$ -</u>	<u>\$ 15,784,316</u>

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

6. INVESTMENTS (Continued)

Bonds are valued using several factors, including the credit rating relative to a corporate bond or government security with similar maturity or duration. Money market accounts, preferred stocks, and equities are valued based on quoted market prices in active markets. Shares in mutual funds are based on share prices reported by the fund as of the last business day of the fiscal year.

BLO believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2020 and 2019. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed.

Investments are classified as long-term due to management's intent to hold these investments for long-term purposes, except for current investments that management expects will be liquidated and used for operations in the following fiscal year. Investments are not insured and are subject to ongoing market fluctuations.

Investment return, net, consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Net realized gains (losses) on sale of investments	\$ 764,809	\$ (138,252)
Interest and dividends	417,473	459,765
Investment fees	(83,217)	(83,463)
Net unrealized gains (losses) on investments	<u>(1,540,306)</u>	<u>825,562</u>
	<u>\$ (441,241)</u>	<u>\$ 1,063,612</u>

7. LINE OF CREDIT AGREEMENT

BLO maintains a \$1,800,000 (\$1,750,000 at June 30, 2019) line of credit agreement with a commercial bank. Borrowings under the line of credit agreement are due on demand and interest is payable monthly at the higher of 4.0% or the bank's base lending rate (3.25% and 5.50% at June 30, 2020 and 2019, respectively), plus .50%. The line of credit is secured by all assets of BLO. BLO must comply with certain covenants as specified in the agreement. BLO was in compliance with these covenants at June 30, 2020 and 2019.

In fiscal year 2020, BLO drew down \$1,800,000, \$1,150,000 of which was repaid during the year. The remaining balance at June 30, 2020, is \$750,000, which was repaid by July 31, 2020. In fiscal year 2019, BLO drew down \$1,750,000, \$650,000 of which was repaid during the year. The remaining balance at June 30, 2019, was \$1,100,000, which was repaid by July 31, 2019. The line of credit is renewed annually in October. Interest expense on the line of credit for fiscal years 2020 and 2019 was \$44,121 and \$40,363, respectively, which is included in bank fees and interest expense in the accompanying statements of functional expenses.

In August 2020, BLO terminated its line of credit agreement and entered into a new \$2,050,000 line of credit agreement with another commercial bank. Borrowings under the new line of credit agreement are due on demand and interest is payable monthly at the greater of the bank's base lending rate plus .25% or 3.75%. The line of credit is secured by all assets of BLO. BLO must comply with certain covenants as specified in the agreement.

8. NOTE PAYABLE

On June 19, 2020, BLO obtained a loan from the Small Business Administration (SBA) under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on BLO's operations.

BOSTON LYRIC OPERA COMPANYNotes to Financial Statements
June 30, 2020 and 2019**8. NOTE PAYABLE (Continued)**

The principal amount of the loan is up to \$150,000, with proceeds to be used for working capital purposes. At June 30, 2020, \$150,000 has been drawn and is outstanding. Interest accrues at the rate of 2.75% per annum and monthly payments of \$641, including principal and interest, are due beginning June 19, 2021. The balance of principal and interest is payable through June 2050. The loan is secured by all tangible and intangible personal property of BLO. The loan contains various covenants with which BLO was in compliance as of June 30, 2020.

Future minimum principal payments under this note payable agreement for the next five years are as follows:

<u>Fiscal Year</u>	
2021	\$ -
2022	\$ 3,792
2023	\$ 3,602
2024	\$ 3,702
2025	\$ 3,805

9. PLEDGES RECEIVABLE

Pledges receivable include numerous gifts which are expected to be collected over the next five years, and a Charitable Remainder Trust which will be disbursed to BLO upon the death of the named survivors. Accordingly, this trust has been classified as long-term.

Pledges receivable are due as follows at June 30:

	<u>2020</u>	<u>2019</u>
Due in one year	\$ 3,207,740	\$ 4,657,905
Due in two to five years	1,016,000	1,145,500
Due in six to nine years	200,000	200,000
	<u>4,423,740</u>	<u>6,003,405</u>
Less - discount	46,214	92,616
Less - allowance for doubtful accounts	25,000	25,000
	<u>4,352,526</u>	<u>5,885,789</u>
Charitable Remainder Trust	<u>42,878</u>	<u>42,878</u>
	<u>\$ 4,395,404</u>	<u>\$ 5,928,667</u>

Long-term pledges receivable in the accompanying statements of financial position as of June 30, 2020 and 2019, include approximately \$1,000,000 and \$1,002,000, respectively, of endowment restricted pledges which are due in the following fiscal year. These have been reflected as long-term pledges receivable based on the permanent restriction of the gifts. Long-term pledges receivable in the accompanying statements of financial position as of June 30, 2020 and 2019, also include approximately \$159,000 of endowment restricted long-term pledges, net of discount.

The pledges have been discounted using rates ranging from 0.29% to 1.71%.

The Charitable Remainder Trust is invested in a diversified suite of global equity and fixed income assets which are valued using Level 1 and 2 inputs under the fair value measurement framework (see Note 2). The value of the Charitable Remainder Trust is adjusted based on the survivor life expectancy and on prevailing interest rates, which are considered Level 2 inputs.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

10. LEASE AGREEMENTS

BLO entered into a seven-year lease agreement for office space in November 2019, which expires in November 2026. The lease requires escalating monthly payments of \$27,164 as defined in the lease agreement. BLO has an option to extend the lease for five additional years. The lease requires BLO to pay for its proportionate share of real estate taxes, if applicable, and operating expenses. In connection with this lease agreement, BLO maintains a letter of credit in the amount of approximately \$30,500 with the commercial bank that holds BLO's line of credit (see Note 7).

Prior to the above lease, BLO leased another office space under an eight-year lease agreement which expired on July 31, 2019, and was extended through November 2019. The lease required monthly payments of \$11,333, as defined in the lease agreement. The lease required BLO to pay for its proportionate share of real estate taxes, if applicable, and operating expenses.

BLO is recognizing rent expense on a straight-line basis over the term of the lease agreements as described in accordance with ASC Topic, *Leases*. Deferred rent as of June 30, 2020 and 2019, was \$10,484 and \$589, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

BLO leases storage space under a five-year lease agreement which expired in July 2020. In July 2020, BLO entered into a month-to-month agreement for the storage space. The lease required monthly payments of \$2,550.

BLO leases equipment under a sixty-three-month lease agreement which expires in August 2022. The lease requires monthly payments of \$1,353.

Future minimum cash lease payments under these agreements are as follows:

<u>Fiscal Year</u>	
2021	\$ 348,613
2022	352,575
2023	345,766
2024	349,781
2025	356,502
Thereafter	<u>530,616</u>
Total	<u>\$ 2,283,853</u>

11. CONDITIONAL GRANT

In fiscal year 2020, BLO applied for and was awarded a loan of \$798,500 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds will be used to pay certain payroll costs, including benefits as well as rent and utilities during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations are subject to review and approval by the lending bank and the SBA. In the opinion of management, the results of such reviews, will not have a material effect on the financial position of BLO as of June 30, 2020, and on the changes in its net assets for the year then ended.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

11. CONDITIONAL GRANT (Continued)

BLO believes this loan will be forgiven and, therefore, is accounting for it as a conditional grant under ASC Subtopic 958-605. It is determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when BLO has incurred expenditures in compliance with the loan application and CARES Act requirements. As of June 30, 2020, BLO recognized \$702,524 of grant revenue. The remaining balance of \$95,976 is shown as a refundable advance in the accompanying June 30, 2020 statement of financial position. BLO has not accrued interest as of June 30, 2020, since it expects the principal and interest to be forgiven.

12. LICENSE AGREEMENTS AND COMMITMENTS

BLO has entered into a two-year license agreement with Vimeo for the OperaBox TV service, a digital venue for new series and special programs. Base payments to the Vimeo for the upcoming season, are \$43,200 per year. The license agreement began in July 2020 and expires in June 2022.

Future minimum payments under this license agreement are as follows:

<u>Fiscal Year</u>	
2021	\$ 43,200
2022	<u>43,200</u>
	<u>\$ 86,400</u>

13. CONCENTRATIONS

BLO maintains its cash balances in various financial institutions in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each institution up to certain limits. At certain times during the year, cash balances exceeded the insured amounts. Management monitors on a regular basis, the financial condition of the financial institutions, along with their balances, to keep this potential risk to a minimum.

At June 30, 2020, BLO had four donors who represented 68% of outstanding pledges receivable. At June 30, 2019, BLO had three donors who represented 54% of outstanding pledges receivable.

Pledges from Board members represent approximately 72% and 81% of outstanding pledges receivable as of June 30, 2020 and 2019, respectively.

For the year ended June 30, 2019, approximately 20% of BLO's total operating support and revenue was from one donor, who was also a Board member.

One donor represents approximately 91% of endowment contributions and grants for the year ended June 30, 2020. Another donor represented approximately 97% of endowment contributions and grants for the year ended June 30, 2019.

14. RETIREMENT PLAN

BLO has a defined contribution retirement plan (the Plan) covering all eligible employees under IRC Section 401(k). Employees become eligible to participate after completing three months of service and attaining the age of 21. BLO may make matching or discretionary contributions to the Plan. Employee contributions vest immediately and employer contributions vest based upon a vesting schedule as specified in the Plan document. During fiscal years 2020 and 2019, BLO contributed \$25,631 and \$19,563, respectively, to the Plan.

BOSTON LYRIC OPERA COMPANY

Notes to Financial Statements
June 30, 2020 and 2019

15. UNION CONTRACTS

BLO has collective bargaining agreements with the American Federation of Musicians (AFM), the American Guild of Musical Artists (AGMA), and the International Alliance of Theatrical Stage Employees (IATSE). During fiscal year 2018, BLO and AGMA entered into a new Collective Bargaining Agreement covering the period from August 1, 2017 through July 31, 2021. This agreement includes provisions covering wages, pension and other benefits. Approximately 32% and 35% of BLO's payroll consists of union employees as of and for the years ended June 30, 2020 and 2019, respectively.

16. BEQUESTS

Donors have notified BLO of certain bequests to which BLO will be entitled upon the donors' deaths. Since these gifts are conditional, BLO has not recorded these amounts in the accompanying financial statements.

17. CONTINGENCIES

During fiscal year 2020, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on BLO's operations and financial position. As a result, the adverse impact COVID-19 will have on BLO's businesses, operating results, cash flows and financial condition is uncertain. The financial impact to BLO, if any, cannot be reasonably estimated at this time.

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

BLO is substantially supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, BLO must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. BLO's liquidity management policy involves structuring financial assets to be available as general expenditures, liabilities and other obligations come due.

To help manage seasonal liquidity needs, BLO has a committed line of credit in the amount of \$1,800,000 and \$1,750,000 at June 30, 2020 and 2019, respectively, (see Note 7) that it can draw upon. Additionally, BLO has endowment investments of approximately \$14.5 and \$15.7 million at June 30, 2020 and 2021, respectively (see Notes 4 and 6). Although BLO does not intend to spend from its endowment other than amounts appropriated for general expenditures as part of its spending policy and annual budget approval, amounts from appreciation on endowment net assets could be made available if necessary.

BOSTON LYRIC OPERA COMPANYNotes to Financial Statements
June 30, 2020 and 2019

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

As of June 30, 2020 and 2019, BLO's financial assets available within one year from the statements of financial position date for general operating expenses are as follows, and the amount covers approximately 92% and 60%, respectively, of operating expenditures for the upcoming year:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents available within one year	\$ 1,059,608	\$ 334,747
Restricted cash available within one year	95,976	-
Accounts receivable	1,767	15,672
Endowment draw per spending policy for fiscal years 2021 and 2020 (see Notes 2 and 4)	700,000	750,000
Pledges due within one year	<u>2,182,740</u>	<u>3,630,578</u>
Financial assets available to meet cash needs for general expenditures within one year	4,040,091	4,730,997
Liquidity resources:		
Line of credit available	<u>1,050,000</u>	<u>650,000</u>
Total financial assets and liquidity resources available to meet cash needs for general expenditures within one year	<u>\$ 5,090,091</u>	<u>\$ 5,380,997</u>