

PITTSBURGH OPERA, INC.
Pittsburgh, Pennsylvania

Financial Statements
For the years ended June 30, 2025 and 2024
and Independent Auditor's Report Thereon



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pittsburgh Opera, Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Pittsburgh Opera, Inc. (Opera) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Opera as of June 30, 2025 and 2024, and the changes in its net assets, and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Opera and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Opera's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Opera's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Opera's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
September 16, 2025

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PITTSBURGH OPERA, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 77,427	\$ 464,051	\$ 541,478
CONTRIBUTIONS RECEIVABLE, NET	593,379	1,786,891	2,380,270
INVESTMENTS	1,087,526	25,034,101	26,121,627
INVESTMENTS HELD BY TRUST	-	846,902	846,902
DEFERRED CHARGES AND OTHER	55,239	130,000	185,239
PROPERTY AND EQUIPMENT, NET	<u>4,097,150</u>	<u>-</u>	<u>4,097,150</u>
Total Assets	<u>\$ 5,910,721</u>	<u>\$ 28,261,945</u>	<u>\$ 34,172,666</u>
LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE	\$ 95,181	-	\$ 95,181
ACCRUED EXPENSES	62,501	-	62,501
DEFERRED SUBSCRIPTIONS	<u>315,628</u>	<u>-</u>	<u>315,628</u>
Total Liabilities	473,310	-	473,310
NET ASSETS	<u>5,437,411</u>	<u>\$ 28,261,945</u>	<u>33,699,356</u>
Total Liabilities And Net Assets	<u>\$ 5,910,721</u>	<u>\$ 28,261,945</u>	<u>\$ 34,172,666</u>

June 30, 2024		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 123,553	\$ 1,178,453	\$ 1,302,006
563,318	2,002,459	2,565,777
1,272,481	23,562,320	24,834,801
-	813,819	813,819
91,460	94,077	185,537
<u>4,295,654</u>	<u>-</u>	<u>4,295,654</u>
<u><u>\$ 6,346,466</u></u>	<u><u>\$ 27,651,128</u></u>	<u><u>\$ 33,997,594</u></u>
\$ 318,074	-	\$ 318,074
38,409	-	38,409
<u>391,842</u>	<u>-</u>	<u>391,842</u>
748,325	-	748,325
<u>5,598,141</u>	<u>\$ 27,651,128</u>	<u>33,249,269</u>
<u><u>\$ 6,346,466</u></u>	<u><u>\$ 27,651,128</u></u>	<u><u>\$ 33,997,594</u></u>

See notes to financial statements.

PITTSBURGH OPERA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Season subscriptions	\$ 388,453	-	\$ 388,453
Single ticket sales	495,339	-	495,339
Group ticket sales	131,351	-	131,351
	<u>1,015,143</u>	<u>-</u>	<u>1,015,143</u>
Net assets released from restrictions:			
For operations	2,062,105	\$ (2,062,105)	-
For building fund	138,894	(138,894)	-
For investment income spending	759,923	(759,923)	-
	<u>2,960,922</u>	<u>(2,960,922)</u>	<u>-</u>
Investment income, net	84,862	2,730,457	2,815,319
Other	185,666	-	185,666
	<u>270,528</u>	<u>2,730,457</u>	<u>3,000,985</u>
PUBLIC SUPPORT	<u>4,065,199</u>	<u>841,282</u>	<u>4,906,481</u>
Total Revenue, Other Support And Public Support	8,311,792	610,817	8,922,609
OPERATING EXPENSES			
Production	3,930,223	-	3,930,223
Outreach and education	1,325,119	-	1,325,119
General and administrative	2,226,654	-	2,226,654
Fundraising	766,358	-	766,358
	<u>8,248,354</u>	<u>-</u>	<u>8,248,354</u>
Changes In Net Assets Before Depreciation	63,438	610,817	674,255
DEPRECIATION EXPENSE	<u>(224,168)</u>	<u>-</u>	<u>(224,168)</u>
Changes In Net Assets	(160,730)	610,817	450,087
NET ASSETS			
Beginning of year	<u>5,598,141</u>	<u>27,651,128</u>	<u>33,249,269</u>
End of year	<u>\$ 5,437,411</u>	<u>\$ 28,261,945</u>	<u>\$ 33,699,356</u>

2024		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 428,919	-	\$ 428,919
495,340	-	495,340
137,726	-	137,726
1,061,985	-	1,061,985
2,598,521	\$ (2,598,521)	-
337,211	(337,211)	-
772,838	(772,838)	-
3,708,570	(3,708,570)	-
102,141	2,125,904	2,228,045
209,728	-	209,728
311,869	2,125,904	2,437,773
3,704,799	1,293,902	4,998,701
8,787,223	(288,764)	8,498,459
4,022,439	-	4,022,439
1,270,979	-	1,270,979
2,032,598	-	2,032,598
964,122	-	964,122
8,290,138	-	8,290,138
497,085	(288,764)	208,321
(219,386)	-	(219,386)
277,699	(288,764)	(11,065)
5,320,442	27,939,892	33,260,334
<u>\$ 5,598,141</u>	<u>\$ 27,651,128</u>	<u>\$ 33,249,269</u>

See notes to financial statements.

PITTSBURGH OPERA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				
	Production	Education	Resident Artist	IDEA	Total
Salaries and wages	\$ 2,393,757	\$ 161,203	\$ 677,622	\$ 52,020	\$ 3,284,602
Pension	35,801	1,981	7,240	563	45,585
Other employee benefits	36,105	8,915	21,046	4,338	70,404
Payroll taxes	93,872	8,995	22,962	3,947	129,776
Accounting	-	-	-	-	-
Subcontractor expenses	395,955	1,745	80,310	48,004	526,014
Advertising and promotion	225,563	-	68,036	-	293,599
Office	-	1,583	18,671	916	21,170
Information technology	-	2,157	140	2,061	4,358
Royalties	1,224	-	15,451	-	16,675
Occupancy	244,600	-	-	-	244,600
Travel	25,579	-	4,185	-	29,764
Interest	-	-	-	-	-
Depreciation	-	-	-	-	-
Insurance	3,600	-	-	-	3,600
Production sets and costumes	400,934	7,923	83,442	636	492,935
Cast housing	73,233	-	18,466	-	91,699
Fundraising	-	-	-	-	-
Other	-	-	223	338	561
	<u>\$ 3,930,223</u>	<u>\$ 194,502</u>	<u>\$ 1,017,794</u>	<u>\$ 112,823</u>	<u>\$ 5,255,342</u>

Management and General	Fundraising	Total 2025
\$ 977,881	\$ 506,599	\$ 4,769,082
13,249	3,768	62,602
140,253	35,115	245,772
111,837	41,175	282,788
42,090	642	42,732
156,946	77,704	760,664
148,694	1,989	444,282
90,390	18,043	129,603
144,407	42,027	190,792
-	-	16,675
250,772	-	495,372
46,612	3,305	79,681
8	-	8
224,168	-	224,168
100,361	-	103,961
2,753	-	495,688
-	-	91,699
298	35,991	36,289
103	-	664
<u>\$ 2,450,822</u>	<u>\$ 766,358</u>	<u>\$ 8,472,522</u>

See notes to financial statements.

PITTSBURGH OPERA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				
	Production	Education	Resident Artist	IDEA	Total
Salaries and wages	\$ 2,094,366	\$ 155,092	\$ 666,775	\$ 102,000	\$ 3,018,233
Pension	121,991	2,768	22,261	978	147,998
Other employee benefits	99,944	8,752	19,328	8,474	136,498
Payroll taxes	107,988	8,252	24,770	8,090	149,100
Accounting	-	-	-	-	-
Subcontractor expenses	394,481	5,539	46,491	6,788	453,299
Advertising and promotion	339,284	-	43,680	-	382,964
Office	-	4,329	27,852	1,923	34,104
Information technology	-	2,201	257	2,146	4,604
Royalties	14,045	-	3,753	-	17,798
Occupancy	302,705	6,500	-	-	309,205
Travel	27,161	-	2,237	-	29,398
Interest	-	-	-	-	-
Depreciation	-	-	-	-	-
Insurance	11,200	-	-	-	11,200
Production sets and costumes	419,425	12,286	73,364	214	505,289
Cast housing	89,849	-	3,450	-	93,299
Fundraising	-	-	-	-	-
Other	-	-	215	214	429
	<u>\$ 4,022,439</u>	<u>\$ 205,719</u>	<u>\$ 934,433</u>	<u>\$ 130,827</u>	<u>\$ 5,293,418</u>

Management and General	Fundraising	Total 2024
\$ 804,746	\$ 677,139	\$ 4,500,118
11,815	3,366	163,179
143,853	30,429	310,780
106,840	52,093	308,033
69,734	672	70,406
265,765	99,384	818,448
69,965	176	453,105
95,539	28,455	158,098
110,599	24,868	140,071
-	-	17,798
219,749	121	529,075
53,272	426	83,096
7,333	-	7,333
219,386	-	219,386
66,665	-	77,865
4,600	(29)	509,860
-	-	93,299
2,123	47,022	49,145
-	-	429
<u>\$ 2,251,984</u>	<u>\$ 964,122</u>	<u>\$ 8,509,524</u>

See notes to financial statements.

PITTSBURGH OPERA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 450,087	\$ (11,065)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	224,168	219,386
Contributions restricted for investment in endowment	-	(14,700)
Net realized and unrealized gain on investments	(1,957,418)	(1,650,066)
Changes in operating assets and liabilities:		
Contributions receivable	185,507	3,402,788
Deferred charges and other	298	152,327
Accounts payable	(222,893)	5,824
Accrued expenses	24,092	(72,402)
Deferred subscriptions	(76,214)	(3,027)
Net Cash (Used In) Provided By Operating Activities	<u>(1,372,373)</u>	<u>2,029,065</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,142,868)	(6,542,605)
Proceeds from sale of investments	5,780,377	5,166,500
Purchases of property and equipment	(25,664)	(288,405)
Net Cash Provided By (Used In) Investing Activities	<u>611,845</u>	<u>(1,664,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	<u>-</u>	<u>14,700</u>
Net (Decrease) Increase In Cash And Cash Equivalents	(760,528)	379,255
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,302,006</u>	<u>922,751</u>
End of year	<u><u>\$ 541,478</u></u>	<u><u>\$ 1,302,006</u></u>

See notes to financial statements.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - ORGANIZATION

Pittsburgh Opera, Inc. (Opera) is a Pennsylvania not-for-profit corporation formed for the primary purpose of producing operatic and other musical performances for the benefit of the public. The Opera produced five operas with a total of 21 performances during its 2025 season. The Opera produced six operas with a total of 24 performances during its 2024 season. A component organization of the Opera is Friends of Pittsburgh Opera, which provides valuable support to the Opera both financially and as a liaison within the community.

The Opera also administers the Resident Artist Program of the Pittsburgh Opera (Program), which is an artist-training program that prepares young artists for operatic careers. The Program is a major source of outreach and education for the Opera. The Program produced two operas with a total of nine performances in 2025. During 2024, the Opera produced two operas with a total of eight performances during its season as part of the Program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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

The financial statements include the accounts of the Pittsburgh Opera, Inc., and the component organization (collectively, the Opera). All significant intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Opera classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of the Opera's net asset categories is as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed stipulations are temporary in nature, such as those that may or will be satisfied either by actions of the Opera and/or the passage of time. Other donor-imposed stipulations are perpetual in nature of investing the principal contribution in perpetuity and using only the investment income for the Opera's operations and programs.

The Opera reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a 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. Certain restricted funds were received and expended during the same year. These funds are classified on the statements of activities and changes in net assets as without donor restrictions.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receipts of unconditional promises to give with payments due in future periods are recorded as pledges receivable and recognized as increases to net assets at the date of promise. Provisions are made for estimated uncollectible unconditional promises to give based on historical collection experience, a review of the current status of unconditional promises to give and judgment. Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Opera's estimate of the allowance for doubtful accounts will change. The total allowance for doubtful accounts was approximately \$18,000 at both June 30, 2025 and 2024. Receipts of conditional promises to give, which depend on the occurrence of a specified future and uncertain event, are recognized when the conditions on which they depend are substantially met.

The Opera maintains cash that at times might exceed the federally insured amount. The Opera has not experienced any losses on such accounts. For purposes of the statements of cash flows, the Opera considers all interest-bearing certificates of deposit and noninterest-bearing accounts to be cash equivalents.

Investments are carried at fair value, which is the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Accordingly, the change in net unrealized appreciation or depreciation for the year is included in the statements of activities and changes in net assets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income is restricted by donor or law. Investment income is reported net of internal and external expenses. The cost of investment securities sold is determined using the specific identification method.

Other general advertising costs are expensed in the period incurred. Advertising expenses approximated \$444,000 and \$453,000 for the years ended June 30, 2025 and 2024, respectively.

Functional expenses are summarized and categorized based on their functional classification as either program or supporting expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function and allocated based on analysis of personnel time. All other expenses are allocated based on actual usage. These expenses are allocated on a reasonable basis that is consistently applied.

Property and equipment are recorded at the lower of cost or fair value. Donated equipment is stated at fair market value at the date of donation. Depreciation and amortization are computed on a straight-line basis over estimated useful lives. Repairs and maintenance costs that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in the statements of activities and changes in net assets. The Opera capitalizes all additions greater than or equal to \$2,000.

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset might not be recoverable. The carrying amount of the assets is compared to the related expected undiscounted future cash flows to be generated by those assets over the estimated remaining useful life of the primary asset. Cash flows are projected based on historical results and expectations. In cases where the expected future cash flows and fair value are less than the carrying amount of the assets, the assets are considered to be impaired and are written down to fair value, based on appraisals or other methods to estimate value. There were no impairment losses recorded in 2025 or 2024.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Opera follows Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (Topic 606). The Opera's revenues are derived from the sale of tickets to attend performances, either through subscription (group) or single ticket sales. Revenue is recognized when the Opera satisfies its performance obligation under the contract by transferring the promised service (performance) to the customer. Ticket sales are recognized at the point in time in which the related performance occurs. Revenue is measured as the amount of consideration the Opera expects to receive in exchange for transferring the services to the customer. Payment terms are either payment in advance or immediate payment.

Based on the nature of the Opera's contracts, there were no contract assets recorded at June 30, 2025 or 2024. Contract liabilities consist of payments received before ticket sales are earned. Contract liabilities were approximately \$316,000 and \$392,000 and are included in deferred subscriptions in the statements of financial position at June 30, 2025 and 2024, respectively. At July 1, 2023, contract assets and liabilities were \$0 and \$395,000, respectively.

The Opera organizes benefit and fundraising events during the year that are recorded net of revenues received. Included in public support on the statements of activities and changes in net assets are net benefits and fundraising public support of approximately \$371,000 and \$276,000 for 2025 and 2024, respectively. Had the Opera recorded revenues and expenses at their gross amount, revenues and expenses would have been greater by approximately \$216,000 and \$195,000 for 2025 and 2024, respectively.

The Opera is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Pennsylvania state taxes. Accordingly, no provision for income taxes is recorded in the financial statements. The Opera's policy is to accrue interest and penalties related to unrecognized tax benefits in income tax expense as a component of general, administrative and fundraising expense. The Opera has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. The tax years ending after 2021 remain open to examination.

The Opera receives certain donated services that assist in accomplishing its goals. The Opera assigns values to such services based on rates commensurate with the type of services performed. Such expenses are reflected in the accompanying financial statements as both revenue and expense. In-kind services include but are not limited to event space and other event services and IT consulting support. In 2024, in-kind donations totaled approximately \$87,000. There were no in-kind donations in 2023.

Although board members have donated a substantial amount of time to the operation of the Opera, no amounts have been reflected in the accompanying financial statements for donated services because no objective basis is available to measure the value of such services.

Subsequent Events - Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through September 16, 2025, the date that the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to the disclosures in the financial statements.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Opera has approximately \$4,116,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Certain investments with donor restriction are subject to the Opera's spending policy, under which, as described in Note 10, both the endowment and the building fund have a spending rate of 5%. Appropriations from these funds will be available within the following 12 months. Certain contributions receivable are subject to implied time and other donor restrictions, are not expected to be collected within one year, or are restricted for specific purposes and are removed from the table below. The Opera has access to a \$907,000 cash reserve fund that has been established to provide short-term liquidity, which is available at June 30, 2025 and 2024, the assets of which are included as a component of investments with donor restrictions.

The table below presents financial assets available for general expenditures within one year of the financial position date as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 492,000	\$ 907,000
Contributions receivable, net	1,152,000	1,216,000
Investments not subject to donor restriction	1,088,000	1,272,000
Distributions from investments held by trust	36,000	36,000
Endowment - spending rate appropriation	802,000	713,000
The Henry J. & Mary Louise Gailliot Fund - spending rate appropriation	383,000	352,000
Building fund - spending rate appropriation	<u>163,000</u>	<u>136,000</u>
	<u>\$ 4,116,000</u>	<u>\$ 4,632,000</u>

NOTE 4 - INVESTMENTS

Investments include the restricted endowment, restricted capital funds and a portion of the operating fund. The cost and fair values at June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity mutual funds	\$ 12,011,000	\$ 17,628,000	\$ 12,571,000	\$ 16,582,000
Bond mutual funds	7,435,000	7,257,000	7,690,000	7,155,000
Money market funds	<u>1,237,000</u>	<u>1,237,000</u>	<u>1,098,000</u>	<u>1,098,000</u>
	<u>\$ 20,683,000</u>	<u>\$ 26,122,000</u>	<u>\$ 21,359,000</u>	<u>\$ 24,835,000</u>

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 - INVESTMENTS (Continued)

Net investment income related to investments and investments held by trust for the years ended June 30 consists of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 984,000	\$ 694,000
Net realized gain	274,000	51,000
Net unrealized gain	<u>1,683,000</u>	<u>1,599,000</u>
Net realized and unrealized gain	1,957,000	1,650,000
Investment fees	<u>(126,000)</u>	<u>(116,000)</u>
	<u>\$ 2,815,000</u>	<u>\$ 2,228,000</u>

Investment securities are exposed to various risks caused by changes in interest rates, general market volatility, credit risk, etc. Due to the level of risk associated with certain investment securities, it is possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statements of financial position and statements of activities and changes in net assets.

NOTE 5 - INVESTMENTS HELD BY TRUST

The Opera is a partial beneficiary of the trust of Pauline Beamer Pickens. The trustee holds title to the assets, and the Opera records its share of the assets at fair value. Distributions are made at the discretion of the trustee in accordance with the trust and are included within net assets without donor restrictions. Distributions approximated \$48,000 and \$29,000, respectively, during the years ended June 30, 2025 and 2024, and are included in net assets released from restriction for investment income spending. The Opera's portion of cost (or donated value) was approximately \$696,000 and \$715,000 as of June 30, 2025 and 2024, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Building and building improvements	\$ 5,950,000	\$ 5,941,000
Equipment	<u>989,000</u>	<u>974,000</u>
	6,939,000	6,915,000
Less - Accumulated depreciation	<u>3,167,000</u>	<u>2,943,000</u>
	3,772,000	3,972,000
Construction-in-progress	1,000	-
Land	<u>324,000</u>	<u>324,000</u>
	<u>\$ 4,097,000</u>	<u>\$ 4,296,000</u>

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 - LINE OF CREDIT AND NOTE PAYABLE

The Opera maintains an unsecured line-of-credit agreement with a bank for which maximum allowed borrowings are \$1,000,000, and interest accrues at the bank's prime lending rate (7.50% at June 30, 2025) plus 50 basis points (0.50%). At June 30, 2025 and 2024, there were no amounts drawn and outstanding under this agreement. The agreement expires on December 31, 2025.

NOTE 8 - CONTRIBUTIONS RECEIVABLE

The Opera has recorded annual and capital fund pledges receivable at June 30 consisting of the receipt of unconditional promises to give, which are summarized as follows:

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 1,170,000	\$ 1,246,000
Due in one to five years	<u>1,228,000</u>	<u>1,338,000</u>
	2,398,000	2,584,000
Allowance for doubtful accounts	<u>(18,000)</u>	<u>(18,000)</u>
	<u>\$ 2,380,000</u>	<u>\$ 2,566,000</u>

At June 30, 2025 and 2024, amounts outstanding from three donors represented approximately 66% and 64%, respectively, of contributions receivable on the statements of financial position.

NOTE 9 - NET ASSETS

The Opera has recorded net assets based on use restrictions imposed by the donor. These funds originated from past and present fundraising campaigns for the purpose of providing for the long-term and short-term stability of the organization. The significant outcomes include the establishment of an endowment and the creation of a permanent home for the Opera.

Campaigns include:

1990	21 st Century for establishing a solid endowment base
1997	Renaissance for debt reduction and endowment growth
2007	Bold New Home for the purchase and sustenance of the Opera headquarters (Building Fund)
2013	Capital Projects for the upkeep of the Opera's headquarters

The 21st Century Campaign (Campaign) that concluded in 1990 stated that 85% of the principal collected would be held as a permanent endowment (net assets with donor restrictions) and 15% would be available to support operations and new initiatives as approved by the board of directors, with the stipulation that all amounts used for such purposes are intended to be repaid to the campaign fund by the end of the fiscal year (net assets with donor restrictions that are temporary in nature). Investment earnings are available for use in operations.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 - NET ASSETS (Continued)

In addition to specific fundraising campaigns, the Opera raises funds for operating support through its Annual Fund efforts. Funds raised for future purposes include multiyear grants, funds restricted to future educational programming and donations with specific donor restrictions.

Net Assets Without Donor Restrictions Summary

Net assets without donor restrictions include an accumulated operating surplus, Building Funds, and funds designated by the Board to be treated as endowment funds. The balance of the funds without donor restrictions by campaign, as designated by management, as of June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Accumulated Operating Surplus	\$ 1,418,000	\$ 1,401,000
Building Fund Assets	3,719,000	3,897,000
Board-Designated Fund	<u>300,000</u>	<u>300,000</u>
	<u>\$ 5,437,000</u>	<u>\$ 5,598,000</u>

Net Assets With Donor Restrictions Summary

The balance of the net assets with donor restrictions by campaign as of June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose or to the passage of time:		
Annual Fund (Operations)	\$ 2,381,000	\$ 3,274,000
21st Century and Renaissance Campaigns	907,000	907,000
Building Fund	2,797,000	2,620,000
Olga Barry Fund	138,000	114,000
The Henry J. & Mary Louise Gailliot Fund	6,732,000	6,221,000
Endowments:		
21st Century and Renaissance Campaigns	14,045,000	13,317,000
Bernadette G. Callery Endowed Fund (formerly Joseph M. Newcomer Fund)	293,000	269,000
John H. Hill Fund	122,000	115,000
Investments held by trust (Note 5)	<u>847,000</u>	<u>814,000</u>
	<u>\$ 28,262,000</u>	<u>\$ 27,651,000</u>

Net assets with donor restrictions were released from restrictions primarily due to the passage of time and building-related expenses.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 - ENDOWMENT

The Opera's endowment consists of board-designated and donor-restricted investment funds established for perpetual support of the organization's mission. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Opera to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Building Fund is not a part of the endowment.

Interpretation of Relevant Law - The board of directors of the Opera has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit organization to choose to treat a percentage of the average market value of its endowment's permanently restricted investments as unrestricted income each year. The long-term preservation of the real value of the assets, however, must be taken into consideration when the board elects the amount. On an annual basis, the board must elect a spending rate of between 2% and 7%.

The Opera classifies as permanently restricted net assets the original and subsequent value of gifts donated to the permanent endowment. In accordance with Act 141, the Opera has adopted a written investment policy, of which a section specifically relates to the endowment fund.

The Opera considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

Net endowment funds by asset type as of June 30 comprise the following:

	Board- Designated Unrestricted	Restricted	Total
2025	\$ 300,000	\$ 15,307,000	\$ 15,607,000
2024	\$ 300,000	\$ 14,515,000	\$ 14,815,000

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 - ENDOWMENT (Continued)

The following represents the change in board-designated and donor-restricted endowment funds by net asset type for the year ended June 30, 2025:

	Board- Designated	Restricted	Total
Endowment net assets, beginning of year	\$ 300,000	\$ 14,515,000	\$ 14,815,000
Investment return:			
Investment income	-	483,000	483,000
Net realized and unrealized gains	-	1,137,000	1,137,000
	-	1,620,000	1,620,000
Appropriation of endowment assets for expenditure	-	(760,000)	(760,000)
Investment management fees	-	(68,000)	(68,000)
Endowment net assets, end of year	\$ 300,000	\$ 15,307,000	\$ 15,607,000

The following represents the change in board-designated and donor-restricted endowment funds by net asset type for the year ended June 30, 2024:

	Board- Designated	Restricted	Total
Endowment net assets, beginning of year	\$ 300,000	\$ 13,753,000	\$ 14,053,000
Investment return:			
Investment income	-	443,000	443,000
Net realized and unrealized gains	-	1,152,000	1,152,000
	-	1,595,000	1,595,000
Contribution	-	15,000	15,000
Appropriation of endowment assets for expenditure	-	(773,000)	(773,000)
Investment management fees	-	(75,000)	(75,000)
Endowment net assets, end of year	\$ 300,000	\$ 14,515,000	\$ 14,815,000

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters - The principal objective of the investment policy is to provide a secure source of income to support operations and new initiatives on an ongoing basis. Investments are managed for “total return” to provide, in addition to current income for operations, growth of principal modestly greater than inflation.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Opera relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Opera targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141 and donor-specified restrictions, the Opera annually transfers no more than 5% of the previous three years’ average market value of the permanently restricted endowment fund to unrestricted net assets for use in current and future operations. For the years ended June 30, 2025 and 2024, the spendable return totaled \$760,000 and \$773,000, respectively. The Opera believes that this spending policy is consistent with the Commonwealth of Pennsylvania’s guidelines and with the Opera’s objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Opera has interpreted Act 141 to permit spending from underwater endowments in accordance with prudent measures required under law. The Opera has no underwater endowment funds at June 30, 2025 and 2024. The original corpus of the endowment funds is \$8,261,000.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Opera has a defined contribution plan that covers substantially all employees. The Opera’s policy is that it may contribute up to 5% of gross salaries to the plan for employees who have more than two years of employment. Employees may elect to contribute additional funds subject to the maximum amount allowed by law. Employer contributions related to the discretionary plan contributions approximated \$19,000 and \$17,000, respectively, for the years ended June 30, 2025 and 2024, respectively.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 - FAIR VALUE MEASUREMENT

The Opera categorizes assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement.

The fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The Opera's financial instruments consist primarily of cash and cash equivalents, deferred charges, contributions receivable, investments, investment held by trust, accounts payable, accrued expenses and deferred subscriptions. The carrying amount of the investments and investment held by trust is at fair value using the methods below. The carrying amount of the Opera's other instruments approximates their fair value due to their nature and respective relatively short maturity dates or durations.

The following section describes the valuation methodologies used by the Opera to measure investments and investment held in trust at fair value:

Money Market Funds - Carrying value approximates fair value due to the short-term nature of the investments.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Opera are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Opera are deemed to be actively traded.

Investment Held by Trust - Investments held by trust primarily include underlying investments, which are readily quoted in active markets. The majority of the underlying investments use Level 1 and Level 2 inputs; but since the trust itself is not readily tradable, significant inputs are considered to be unobservable in active markets. Since the Opera's ownership in this trust is represented by an undivided interest in these investments, not in the underlying assets themselves, and the undivided interests are not publicly traded themselves nor can they be valued based on observable direct or indirect inputs as defined by the IRC, the Opera has reported the investment held by trust as a Level 3 asset.

PITTSBURGH OPERA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 - FAIR VALUE MEASUREMENT (Continued)

The preceding methods described might produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Further, although the Opera believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The valuation of the Opera's investments and investment held in trust at June 30, 2025 and 2024 according to the fair value hierarchy is summarized as follows:

2025				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,269,000	-	-	\$ 1,269,000
Mutual funds:				
Equity	17,596,000	-	-	17,596,000
Bond	7,257,000	-	-	7,257,000
Investment held by trust	-	-	\$ 847,000	847,000
Total	<u>\$ 26,122,000</u>	<u>-</u>	<u>\$ 847,000</u>	<u>\$ 26,969,000</u>

2024				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,098,000	-	-	\$ 1,098,000
Mutual funds:				
Equity	16,582,000	-	-	16,582,000
Bond	7,155,000	-	-	7,155,000
Investment held by trust	-	-	\$ 814,000	814,000
Total	<u>\$ 24,835,000</u>	<u>-</u>	<u>\$ 814,000</u>	<u>\$ 25,649,000</u>