Houston Grand Opera Association, Inc.

Consolidated Financial Statements
and Independent Auditors' Report
for the years ended July 31, 2013 and 2012

Houston Grand Opera Association, Inc.

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Houston Grand Opera Association, Inc.:

We have audited the accompanying financial statements of Houston Grand Opera Association, Inc., which comprise the consolidated statements of financial position as of July 31, 2013 and 2012 and the related consolidated statements of activities, of cash flows, and of 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.

Auditors' 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 our 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 auditors' 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 consolidated financial position of Houston Grand Opera Association, Inc. as of July 31, 2013 and 2012 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.

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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the consolidating statements of financial position as of July 31, 2013 and 2012 and consolidating statements of activities for the years ended July 31, 2013 and 2012 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blazek & Vetterling

October 11, 2013

Houston Grand Opera Association, Inc.

Consolidated Statements of Financial Position as of July 31, 2013 and 2012

	2013	2012
ASSETS		
Cash	$ 1,001,950	$ 107,153
Accounts receivable, net	143,974	613,205
Operating pledges receivable, net *(Note 2)*	11,818,151	8,429,328
Deferred production costs and other assets	1,896,645	2,130,160
Beneficial interest in charitable trust *(Notes 3 and 5)*	2,385,794	2,832,399
Pledges receivable restricted for endowment, net *(Note 2)*	4,016,548	3,289,896
Investments *(Notes 4 and 5)*	45,018,050	38,636,545
Property, net *(Note 6)*	1,037,559	1,279,497
TOTAL ASSETS	$ 67,318,671	$ 57,318,183
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 491,723	$ 352,496
Accrued salaries and benefit costs	284,938	289,386
Deferred subscription revenue	3,123,154	2,647,376
Deferred co-production and set rental revenue	95,846	441,797
Total liabilities	3,995,661	3,731,055
Commitments and contingencies *(Note 8)*		
Net assets: *(Note 11)*		
Unrestricted *(Note 9)*	(1,377,148)	(585,480)
Temporarily restricted *(Note 10)*	24,830,716	17,696,413
Permanently restricted	39,869,442	36,476,195
Total net assets	63,323,010	53,587,128
TOTAL LIABILITIES AND NET ASSETS	$ 67,318,671	$ 57,318,183

See accompanying notes to consolidated financial statements.

Houston Grand Opera Association, Inc.

Consolidated Statement of Activities for the year ended July 31, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE:				
Contributions	$ 8,496,980	$ 8,364,894	$ 3,391,647	$ 20,253,521
Ticket sales and performance fees	5,449,504			5,449,504
Special events	2,621,337	350,000		2,971,337
Cost of direct donor benefits	(646,980)			(646,980)
Co-production and other income	1,550,605			1,550,605
Investment return, net *(Note 4)*	137,072	5,699,985		5,837,057
Total revenue	17,608,518	14,414,879	3,391,647	35,415,044
Net assets released from restrictions:				
Expiration of time and purpose restrictions	5,030,119	(5,030,119)		
Endowment appropriation for operations	1,865,040	(1,865,040)		
Net transfer to/from Endowment	(1,600)		1,600	
Redesignation for special events	385,417	(385,417)		
Total	24,887,494	7,134,303	3,393,247	35,415,044
EXPENSES:				
Program services	17,439,492			17,439,492
Marketing and advertising	3,085,171			3,085,171
Fundraising	3,134,266			3,134,266
Management and general	2,020,233			2,020,233
Total expenses	25,679,162			25,679,162
CHANGES IN NET ASSETS	(791,668)	7,134,303	3,393,247	9,735,882
Net assets, beginning of year	(585,480)	17,696,413	36,476,195	53,587,128
Net assets, end of year	$ (1,377,148)	$ 24,830,716	$ 39,869,442	$ 63,323,010

See accompanying notes to consolidated financial statements.

Houston Grand Opera Association, Inc.

Consolidated Statement of Activities for the year ended July 31, 2012

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE:				
Contributions	$ 5,731,162	$ 4,407,594	$ 287,737	$ 10,426,493
Ticket sales and performance fees	4,258,303			4,258,303
Special events	2,789,183	170,000		2,959,183
Cost of direct donor benefits	(700,339)			(700,339)
Co-production and other income	1,267,751			1,267,751
Investment return, net *(Note 4)*	73,066	399,953		473,019
Total revenue	13,419,126	4,977,547	287,737	18,684,410
Net assets released from restrictions:				
Expiration of time and purpose restrictions	7,123,550	(7,123,550)		
Endowment appropriation for operations	1,961,322	(1,961,322)		
Net transfer to/from Endowment	25,000	(50,000)	25,000	
Redesignation for special events	567,430	(567,430)		
Total	23,096,428	(4,724,755)	312,737	18,684,410
EXPENSES:				
Program services	15,102,721			15,102,721
Marketing and advertising	2,983,568			2,983,568
Fundraising	2,833,954			2,833,954
Management and general	1,963,681			1,963,681
Total expenses	22,883,924			22,883,924
CHANGES IN NET ASSETS	212,504	(4,724,755)	312,737	(4,199,514)
Net assets, beginning of year	(797,984)	22,421,168	36,163,458	57,786,642
Net assets, end of year	$ (585,480)	$ 17,696,413	$ 36,476,195	$ 53,587,128

See accompanying notes to consolidated financial statements.

Houston Grand Opera Association, Inc.

Consolidated Statements of Cash Flows for the years ended July 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 9,735,882	$ (4,199,514)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Net realized and unrealized (gain) loss on investments	(5,000,710)	351,904
Contributions restricted for endowment	(3,391,647)	(287,737)
Depreciation	269,355	289,073
Changes in operating assets and liabilities:		
Accounts receivable	469,231	(402,259)
Operating pledges receivable	(3,388,823)	3,737,521
Deferred production costs and other assets	233,515	(264,193)
Beneficial interest in charitable trust	446,605	(155,468)
Accounts payable and accrued expenses	134,779	(141,455)
Deferred revenue	129,827	505,689
Net cash used by operating activities	(361,986)	(566,439)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,096,518)	(4,396,985)
Proceeds from sale of investments	4,793,941	5,526,474
Net change in cash and money market mutual funds held as investments	(1,078,218)	(1,055,034)
Purchases of property	(27,417)	(417,583)
Net cash used by investing activities	(1,408,212)	(343,128)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	4,780,000	5,885,000
Payments on note payable	(4,780,000)	(6,470,000)
Proceeds from contributions restricted for endowment	2,664,995	1,346,704
Net cash provided by financing activities	2,664,995	761,704
NET CHANGE IN CASH	894,797	(147,863)
Cash, beginning of year	107,153	255,016
Cash, end of year	$ 1,001,950	$ 107,153

See accompanying notes to consolidated financial statements.

Houston Grand Opera Association, Inc.

Consolidated Statement of Functional Expenses for the year ended July 31, 2013

	MAINSTAGE	EDUCATION	STUDIO	TOTAL PROGRAM SERVICES	MARKETING AND ADVERTISING	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Salaries and wages	$ 7,946,633	$ 544,160	$ 636,608	$ 9,127,401	$ 1,158,192	$ 1,438,688	$ 1,110,038	$ 12,834,319
Payroll taxes and benefits	1,577,261	90,642	177,095	1,844,998	262,944	259,202	282,157	2,649,301
Professional fees	2,597,248	196,049	118,860	2,912,157	186,174	200,090	194,469	3,492,890
Production materials	1,342,358	23,934	1,530	1,367,822		3,660		1,371,482
Advertising and public relations	15,589	22,354	2,944	40,887	915,389	284,356	10,181	1,250,813
Building and storage rentals	663,163	5,845	7,069	676,077	44,870	65,128	26,697	812,772
Travel	436,564	125,408	53,632	615,604	16,260	57,007	118,478	807,349
Office supplies and expenses	304,369	14,073	3,767	322,209	193,350	101,516	107,421	724,496
Conferences and meetings	11,877	20,725	6,509	39,111	27,997	477,803	32,161	577,072
Depreciation	157,414			157,414	60,702	21,701	29,538	269,355
Bank credit card fees		19		19	142,277	85,625	10,354	238,275
Royalties	187,261	4,552	216	192,029				192,029
Insurance	61,463			61,463	21,559	19,598	19,716	122,336
Equipment	65,128	2,808	370	68,306	13,265	18,202	10,874	110,647
Information technology	13,995			13,995	30,233	29,019	17,505	90,752
Interest							50,644	50,644
Other					11,959	72,671		84,630
Total expenses	$ 15,380,323	$ 1,050,569	$ 1,008,600	$ 17,439,492	$ 3,085,171	$ 3,134,266	$ 2,020,233	25,679,162
Cost of direct donor benefits								646,980
Investment fees								234,399
Total expenditures								$ 26,560,541

See accompanying notes to consolidated financial statements.

Houston Grand Opera Association, Inc.

Consolidated Statement of Functional Expenses for the year ended July 31, 2012

	MAINSTAGE	EDUCATION	STUDIO	TOTAL PROGRAM SERVICES	MARKETING AND ADVERTISING	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Salaries and wages	$ 6,717,829	$ 564,681	$ 589,030	$ 7,871,540	$ 1,277,624	$ 1,340,618	$ 1,047,357	$ 11,537,139
Payroll taxes and benefits	1,420,532	104,616	165,356	1,690,504	240,201	246,543	254,941	2,432,189
Professional fees	2,018,402	312,512	101,971	2,432,885	241,540	133,201	147,132	2,954,758
Production materials	914,070	28,541	1,883	944,494				944,494
Advertising and public relations	8,872	34,320	4,833	48,025	753,405	251,645	9,417	1,062,492
Building and storage rentals	619,790	9,196	6,764	635,750	35,240	47,800	19,176	737,966
Travel	449,008	112,138	67,910	629,056	6,992	58,945	237,705	932,698
Office supplies and expenses	283,937	28,300	4,516	316,753	166,589	106,742	87,733	677,817
Conferences and meetings	11,657	28,899	5,816	46,372	20,699	412,507	36,343	515,921
Depreciation	168,894			168,894	62,219	24,225	33,735	289,073
Bank credit card fees		49		49	114,022	61,743	11,239	187,053
Royalties	89,659	2,040	392	92,091				92,091
Insurance	91,622			91,622	16,075	21,937	18,203	147,837
Equipment	97,272	2,778	4,783	104,833	9,583	14,844	10,423	139,683
Information technology	11,535			11,535	36,829	37,438	15,300	101,102
Interest							34,977	34,977
Other	18,318			18,318	2,550	75,766		96,634
Total expenses	$ 12,921,397	$ 1,228,070	$ 953,254	$ 15,102,721	$ 2,983,568	$ 2,833,954	$ 1,963,681	22,883,924
Cost of direct donor benefits								700,339
Investment fees								229,459
Total expenditures								$ 23,813,722

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Houston Grand Opera Association, Inc. (the Association) was founded in 1955 to promote and provide suitable opportunities for the advancement of musical culture by producing, sponsoring, or otherwise making available to the general public music, theater performances including grand opera, light opera, operetta, musical theater, and recitals.

The Association's programs include theater performances, education and outreach, and Houston Grand Opera Studio. Education and outreach initiates and develops educational programs and relationships for children, teachers, and the general public including pre-curtain lectures, artist presentations, high school nights at mainstage performances, and student matinees, and provides for the development of opera education materials and programs for the visually impaired. Houston Grand Opera Studio is a nationally acclaimed training and performance program dedicated to the advancement of young artists with the potential for major careers in the opera, music, and theater profession.

The Houston Grand Opera Guild (the Guild) promotes quality musical drama performances, including grand operas, and provides suitable opportunities for the advancement of musical culture, and instills through education and performances the traditions of opera and music theater in the general public. The Association is the sole member of the Guild. The Houston Grand Opera Endowment (the Endowment) was founded to accumulate and manage a permanent endowment for the purpose of supporting the operations of the Association. The Board of Trustees of the Endowment is appointed by the Board of Directors of the Association.

Basis of consolidation – These consolidated financial statements include the assets, liabilities, net assets and activities of the Association, the Guild, and the Endowment (collectively the Opera). All balances and transactions between these consolidated entities have been eliminated.

Federal income tax status – The Association, the Guild, and the Endowment are exempt from federal income tax under §501(c)(3) of the Internal Revenue Code. The Association and the Guild are classified as public charities under §509(a)(2). The Endowment is classified as a public charity and a Type I supporting organization under §509(a)(3).

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Opera and recognize a tax liability (or asset) if the Opera has taken a position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Opera, and has concluded that as of July 31, 2013, there are no positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Opera files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. Management believes it is no longer subject to examinations of returns for tax years ended before July 31, 2010.

Cash includes demand deposits which exceed the federally insured limit per depositor per institution.

Allowance for doubtful accounts – An allowance for accounts receivable or pledges receivable is provided when it is believed balances may not be collected in full. It is the Opera's policy to write off receivables against the allowance when management determines the receivable will not be collected. The amount of bad debt expense or loss on pledges recognized each period and the resulting adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and individual account-by-account analysis of accounts receivable and pledges receivable balances. It is possible that management's estimate regarding collectability will change in the near term resulting in a change in the carrying value of accounts receivable and pledges receivable.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts are included in contribution revenue.

Deferred production costs – Expenses for scenery, costumes, music, and stage properties are reported as deferred production costs if specifically related to productions of future opera seasons. These costs are expensed in the year the production is performed.

Beneficial interest in charitable trust is reported at fair value. Changes in the beneficial interest are reported as contributions in the statement of activities.

Investment valuation and income recognition – Investments are reported at fair value. Purchases and sales of securities are reported on a trade-date basis. The Association's management determines valuation policies utilizing information provided by its investment advisers, custodians and fund managers. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year. Investment return is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions.

Property is reported at cost, if purchased, or at fair value at the date of gift, if donated. Property is depreciated using the straight-line method over estimated useful lives of 2 to 15 years. Expenditures greater than $1,000 with useful lives greater than 22 months are capitalized.

Net asset classification – Contributions, investment return and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished, a time restriction ends, or Endowment earnings are appropriated for use, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity. Investment return may be used to support donor-specified programs.

Contributions are recognized as revenue when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Non-cash contributions – Donated materials, use of facilities, and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions of $346,441 and $332,172 in 2013 and 2012, respectively, consisting primarily of mainstage travel and professional services and fundraising catering costs were recognized by the Association.

Ticket sales and performance fees are recognized as revenue when the performance takes place. Amounts received for future Association season performances are included in the statement of financial position as deferred subscription revenue.

Co-production revenue – The Association enters into co-production agreements with other opera companies or associations for the purpose of sharing performance production costs. Agreements among multiple parties are structured as royalty or rental compensation to the Association. Co-production revenue is recognized when the Association's contractual obligations are fulfilled.

Advertising is expensed the first time the advertising takes place, except for expenditures related to future opera seasons, which are recognized as deferred production costs and other assets. Advertising expense recognized was $419,287 in 2013 and $353,315 in 2012.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

Recent accounting standards – In September 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-09, *Disclosures about an Employer's Participation in a Multiemployer Plan*. This ASU became effective for the Association's fiscal year ended July 31, 2013, and requires additional disclosures about the multiemployer pension plans, as included in Note 13.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are as follows:

	2013	2012
Pledges receivable	$ 16,016,316	$ 11,976,266
Discount to present value at 0.3% to 5.0%	(76,617)	(35,265)
Allowance for uncollectible pledges receivable	(105,000)	(221,777)
Pledges receivable, net	15,834,699	11,719,224
Pledges receivable restricted for endowment, net	(4,016,548)	(3,289,896)
Operating pledges receivable, net	$ 11,818,151	$ 8,429,328

Pledges receivable at July 31, 2013 are expected to be collected as follows:

Due in less than one year	$ 9,499,499
Due in one to five years	6,516,817
Total pledges receivable	$ 16,016,316

NOTE 3 – BENEFICIAL INTEREST IN CHARITABLE TRUST

The Association was named a beneficiary of a charitable trust, which was created in 2010 upon the death of the trust settler for a period of 20 years from the date of death. The trust will distribute 8% of the final fair value of the trust, as determined by federal estate tax purposes, to the beneficiaries. The Association receives 30% of that amount each year, or approximately $186,000 per year through 2029.

NOTE 4 – INVESTMENTS

Investments consist of the following:

	2013	2012
Common stocks	$ 12,498,175	$ 10,025,223
Mutual funds	10,851,324	9,323,253
Fixed-income common collective fund	7,719,179	8,088,913
Limited partnership funds	7,531,429	6,059,408
Master limited partnerships	3,678,473	3,000,355
Total investments at fair value	42,278,580	36,497,152
Cash held as investment	2,739,470	2,139,393
Total investments	$ 45,018,050	$ 38,636,545

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on cash and consists of the following:

	2013	2012
Net realized and unrealized gain (loss) on investments	$ 5,000,710	$ (351,904)
Interest and dividends	1,024,946	999,033
Royalty income	45,800	55,349
Investment fees	(234,399)	(229,459)
Investment return, net	$ 5,837,057	$ 473,019

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at July 31, 2013 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stocks:				
Information technology	$ 3,924,828			$ 3,924,828
Financials	1,823,368			1,823,368
Foreign	1,773,602			1,773,602
Consumer discretionary	1,732,338			1,732,338
Industrials	1,188,752			1,188,752
Health care	1,030,077			1,030,077
Energy	544,581			544,581
Materials	265,394			265,394
Consumer staples	123,977			123,977
Utilities	91,258			91,258
Mutual funds:				
Foreign stock	4,963,580			4,963,580
Money market	2,212,273			2,212,273
Large-cap stock	1,318,121			1,318,121
Taxable bond	1,107,532			1,107,532
Energy and natural resource stock	819,546			819,546
Commodity and other	430,272			430,272
Fixed-income common collective fund (a)		$ 7,719,179		7,719,179
Limited partnership funds:				
Large-cap private equity index (b)		5,003,298		5,003,298
Real estate (c)			$ 1,397,796	1,397,796
Event-driven and distressed debt hedge (d)			681,571	681,571
Special situations hedge (e)			448,764	448,764
Master limited partnerships:				
Energy	3,641,291			3,641,291
Utilities	37,182			37,182
Total investments measured at fair value	27,027,972	12,722,477	2,528,131	42,278,580
Beneficial interest in charitable trust			2,385,794	2,385,794
Total assets measured at fair value	$ 27,027,972	$ 12,722,477	$ 4,913,925	$ 44,664,374

Assets measured at fair value at July 31, 2012 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Common stocks:				
Information technology	$ 3,300,602			$ 3,300,602
Financials	1,333,613			1,333,613
Foreign	1,647,993			1,647,993
Consumer discretionary	807,135			807,135
Industrials	997,398			997,398
Health care	1,150,595			1,150,595
Energy	428,569			428,569
Materials	181,098			181,098
Consumer staples	84,555			84,555
Utilities	93,665			93,665
Mutual funds:				
Foreign stock	4,245,796			4,245,796
Money market	1,734,132			1,734,132
Large-cap stock	1,093,991			1,093,991
Taxable bond	1,096,626			1,096,626
Energy and natural resource stock	646,358			646,358
Commodity and other	506,350			506,350
Fixed-income common collective fund (a)		$ 8,088,913		8,088,913
Limited partnership funds:				
Large-cap private equity index (b)		3,792,270		3,792,270
Real estate (c)			$ 1,303,618	1,303,618
Event-driven and distressed debt hedge (d)			595,148	595,148
Special situations hedge (e)			368,372	368,372
Master limited partnerships:				
Energy	2,951,204			2,951,204
Utilities	49,151			49,151
Total investments measured at fair value	22,348,831	11,881,183	2,267,138	36,497,152
Beneficial interest in charitable trust			2,832,399	2,832,399
Total assets measured at fair value	$ 22,348,831	$ 11,881,183	$ 5,099,537	$ 39,329,551

(a) The primary investment objective of the fund is to hold a portfolio representative of the overall United States bond and debt market, as characterized by the Barclays Intermediate Aggregate Bond Index. This fund may participate in securities lending. Redemptions may be made monthly and require 30-days written notice.

(b) The primary focus of the fund is to own United States-based securities. However, the fund may at times own securities based in other nations due to corporate actions and entity domicile. The partnership's primary investment objective is to manage an index fund based on enhancements to the Research Affiliates, LLC Fundamental Index concept. Redemptions may be made monthly and require 30-days written notice.

(c) This fund invests in real estate and real estate joint ventures. Redemptions may be made quarterly and require 90-days written notice. There is no lock-up period; however, withdrawals are limited to available cash held by the fund and may be suspended until such time adequate liquidity exists to pay the redemption.

(d) Represents two limited partnership hedge funds whose investment strategies seek to achieve superior absolute returns by investing in event driven equity securities and defaulted debt among special situations primarily in the small and micro-cap markets. Redemptions may generally be made on June 30th of each year upon 90-days written notice, but may be suspended by the fund manager at any time.

(e) The primary investment objective is to earn an attractive return on contributed capital while minimizing risk over the long-term by investing in securities and other financial instruments that the general partner believes to be undervalued or issued by special situation companies. Redemptions may generally be made at the end of each fiscal quarter after being invested in the fund for one year, upon 90-days written notice. If the fund receives total redemption requests exceeding 20% of the fund net assets at any one time, redemptions may be made on a pro-rata basis so not to exceed 20% withdrawal of the fund and will carryover remaining withdrawal requests to the end of the next quarter. Any and all withdrawal payments are subject to the general partner's ability to liquidate portions of the portfolio in a commercially reasonable manner that does not prejudice the other limited partners.

There are no unfunded commitments at July 31, 2013.

Management determines valuation policies utilizing information provided by its investment advisors, custodians, and fund managers. Valuation methods used for assets measured at fair value are as follows:

- *Common stocks* and *master limited partnerships* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* are valued at the published net asset value of shares held at year end.
- *Fixed-income common collective fund* and *large-cap private equity index fund* are valued at net asset values as determined by the issuer or investment manager based on the fair value of the underlying investments.
- *Limited partnership real estate fund* is valued based on the Opera's percentage ownership in the net equity of the partnership fund as determined by the general partner. The significant unobservable inputs to the valuation are the discount rates and capitalization rates used.
- *Limited partnership hedge funds* are valued at net asset value as a practical expedient, as determined by the investment manager based on the underlying investments.
- *Beneficial interest in charitable trust* is estimated as the present value of the expected future cash flow payments. Significant unobservable inputs include the risk-adjusted discount rate of 2.94% used at July 31, 2013.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Changes in the fair value of Level 3 assets at July 31, 2013 and 2012 are as follows:

	REAL ESTATE FUND	HEDGE FUNDS	BENEFICIAL INTEREST IN CHARITABLE TRUST	TOTAL
Balance at July 31, 2011	$ 1,203,948	$ 1,104,847	$ 2,676,931	$ 4,985,726
Purchases	66,573	66,200		132,773
Redemptions	(56,312)	(193,314)		(249,626)
Contributions			155,468	155,468
Unrealized gain (loss)	87,092	(14,213)		72,879
Realized gain	2,317			2,317
Balance at July 31, 2012	1,303,618	963,520	2,832,399	5,099,537
Purchases	67,093			67,093
Redemptions	(56,395)	(590)	(515,455)	(572,440)
Contributions			68,850	68,850
Unrealized gain	87,111	167,059		254,170
Realized gain (loss)	(3,631)	346		(3,285)
Balance at July 31, 2013	$ 1,397,796	$ 1,130,335	$ 2,385,794	$ 4,913,925

The amount reported in changes in net assets attributable to unrealized gains related to assets held at year end and measured at fair value using significant unobservable inputs is $254,170 and $72,879 in 2013 and 2012, respectively. This amount is included in investment return in the accompanying statement of activities.

NOTE 6 – PROPERTY

Property consists of the following:

	2013	2012
Leasehold improvements	$ 1,959,375	$ 1,956,860
Production and music equipment	951,350	1,073,220
Office furnishings and equipment	951,841	931,490
Vehicles	144,504	144,504
Total property, at cost	4,007,070	4,106,074
Accumulated depreciation	(2,969,511)	(2,826,577)
Property, net	$ 1,037,559	$ 1,279,497

NOTE 7 – NOTE PAYABLE

The Association has a $6 million unsecured bank line of credit due February 1, 2014, with interest payable monthly at the bank's prime interest rate plus 1.75% (5.00% at July 31, 2013 and 2012). Interest expense was $24,061 and $28,171 in 2013 and 2012, respectively. There are no amounts outstanding at July 31, 2013.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases – The Association leases office, storage and rehearsal space, and equipment under noncancellable operating leases. Minimum future lease payments are as follows:

2014	$ 342,868
2015	49,545
2016	48,611
Total minimum future lease payments	$ 441,024

In 1987, the Association entered into a lease on a non-exclusive basis with the City of Houston for the use of the Wortham Center for $134,000 a year. The initial term of the lease is 30 years and can be renewed for an additional 30-year term. The lease can be cancelled with six months notice by the Association, and is therefore not included in minimum future lease payments.

Rental expense recognized is and $812,772 in 2013 and $737,966 in 2012.

Artists' contracts – The Association has compensation contracts with various artists for future performances. If the Association cancels these performances, it may be liable to pay the related artists all or a portion of the agreed compensation. As of July 31, 2013, such contracts with artists call for potential future compensation as follows:

2014	$ 6,180,500
2015	2,348,250
2016	1,559,500
2017	1,336,500
2018	68,750
Total	$ 11,493,500

NOTE 9 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	2013	2012
Property, net	$ 1,037,559	$ 1,279,477
Board-designated endowment funds	151,581	727,205
Undesignated	(2,566,288)	(2,592,162)
Total unrestricted net assets	$ (1,377,148)	$ (585,480)

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Restricted for future opera productions	$ 12,441,608	$ 8,832,461
Accumulated earnings on permanent endowment *(Note 11)*	10,003,314	6,168,369
Board-designated endowment	2,385,794	2,695,583
Total temporarily restricted net assets	$ 24,830,716	$ 17,696,413

NOTE 11 – ENDOWMENT

The Board of Trustees of the Endowment has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Endowment classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Opera and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Opera
- The investment policies of the Endowment

Endowment assets include donor-restricted funds that the Endowment must hold in perpetuity, as well as board-designated endowment funds of the Endowment. The Board of Trustees of the Endowment is charged with preserving the corpus of the endowment, growing the total value of the endowment through investments and gifts, and financially supporting the mission and activities of the Opera.

Spending Policy

Annually, the Endowment will distribute 5% of the average market value of the Endowment's funds under management for the preceding twelve quarters (beginning July 31 of the prior year and preceding quarters). Additionally, 0.4% is appropriated for administrative costs of the planned giving department. Excluded from funds under management will be any restricted funds that do not qualify as distributable for the upcoming year. In conjunction with the authorization of the annual distribution, the Board of Trustees of the Endowment will review this policy in light of current and expected market conditions and rate of inflation. Other distributions may be made from time to time at the discretion of the Board of Trustees of the Endowment.

Investment Policy

Endowment funds are maintained in investment accounts which are managed by the Endowment Board of Trustees with oversight provided by an independent financial consultant. Investment decisions follow guidance provided in an investment policy approved by the Board of Trustees of the Endowment. The investment policies attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets. The Endowment expects its endowment funds, over time, to provide an average rate-of-return of approximately five percentage points more than the rate of inflation. To satisfy its long-term rate-of-return objectives, the Endowment 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 Endowment targets a diversified asset allocation that places an emphasis on a blend of equity-based investments and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Loan to Association

The Endowment has established a revolving line of credit with the Association bearing interest at 5%, and is considered a short-term fixed-income investment within the Endowment portfolio allocation. The amount outstanding on the line of credit from the Endowment to the Association was $1 million at July 31, 2013 and $1.3 million at July 31, 2012. This amount has been eliminated in consolidation.

Changes in net assets of the endowment funds are as follows:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Endowment net assets, August 1, 2011	$ 644,329	$ 10,319,854	$ 36,163,458	$ 47,127,641
Contributions	11,423	155,467	287,737	454,627
Investment return:				
Interest and dividends	36,888	1,013,256		1,050,144
Net realized and unrealized gain (loss)	56,834	(391,402)		(334,568)
Investment management fees	(7,558)	(221,901)		(229,459)
Net investment return	86,164	399,953		486,117
Expenses	(14,711)			(14,711)
Use of purpose restriction		(50,000)		(50,000)
Transfer from Association			25,000	25,000
Appropriations for expenditure		(1,961,322)		(1,961,322)
Endowment net assets, July 31, 2012	727,205	8,863,952	36,476,195	46,067,352
Contributions	18,082	68,851	3,391,647	3,478,580
Investment return:				
Interest and dividends	31,062	1,033,563		1,064,625
Net realized and unrealized gain	81,991	4,897,362		4,979,353
Investment management fees	(3,459)	(230,940)		(234,399)
Net investment return	109,594	5,699,985		5,809,579
Expenses	(14,948)			(14,948)
Release of time restriction	378,640	(378,640)		
Transfer from Guild			1,600	1,600
Appropriations for expenditure	(1,066,992)	(1,865,040)		(2,932,032)
Endowment net assets, July 31, 2013	$ 151,581	$ 12,389,108	$ 39,869,442	$ 52,410,131

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Endowment to retain as a fund of perpetual duration. Deficiencies of this nature result from unfavorable market fluctuations and are reported in unrestricted net assets as an aggregate deficiency of the fair value of net endowment assets over permanently restricted net assets.

Endowment net asset composition as of July 31, 2013:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Donor-restricted endowment funds:				
General operating		$ 3,471,878	$ 13,242,544	$ 16,714,422
Mainstage productions		2,187,621	8,880,596	11,068,217
Studio		441,325	4,112,777	4,554,102
General director chair		242,933	3,986,534	4,229,467
New productions		987,400	1,507,674	2,495,074
Electronic media		384,445	2,000,000	2,384,445
Concert of Arias		613,592	1,352,218	1,965,810
Music director chair		526,982	1,000,000	1,526,982
Fund for Great Artists		449,292	1,000,000	1,449,292
Education		366,820	923,926	1,290,746
Concert master chair		49,671	1,000,000	1,049,671
Visiting artist chair		132,005	300,000	432,005
Spring Opera Festival		39,173	250,000	289,173
Studio guest coach chair		65,481	148,923	214,404
Vocal coach chair		23,354	125,000	148,354
Special needs		3,371	33,400	36,771
Wagner opera performances		17,971	5,850	23,821
Total donor-restricted endowment funds		10,003,314	39,869,442	49,872,756
Board-designated endowment funds	$ 151,581	2,385,794		2,537,375
Endowment net assets	$ 151,581	$ 12,389,108	$ 39,869,442	$ 52,410,131

Endowment net asset composition as of July 31, 2012:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Donor-restricted endowment funds:				
General operating		$ 2,140,599	$ 12,964,510	$ 15,105,109
Mainstage productions		1,278,684	8,805,596	10,084,280
Studio		227,929	2,106,352	2,334,281
General director chair		31,963	3,986,896	4,018,859
New productions		737,883	1,507,674	2,245,557
Electronic media		187,402	2,000,000	2,187,402
Concert of Arias		455,284	1,352,218	1,807,502
Music director chair		404,906	1,000,000	1,404,906
Fund for Great Artists		262,726	1,000,000	1,262,726
Education		259,224	923,176	1,182,400
Visiting artist chair		89,047	300,000	389,047
Spring Opera Festival		15,809	250,000	265,809
Studio guest coach chair		49,484	148,923	198,407
Vocal coach chair		11,494	125,000	136,494
Wagner opera performances		15,935	5,850	21,785
Total donor-restricted endowment funds		6,168,369	36,476,195	42,644,564
Board-designated endowment funds	$ 727,205	2,695,583		3,422,788
Endowment net assets	$ 727,205	$ 8,863,952	$ 36,476,195	$ 46,067,352

NOTE 12 – 403(b) RETIREMENT PLAN

The Association has a defined contribution §403(b) retirement plan covering substantially all employees who have completed one year of service. The Association matches 100% of the eligible participating employee's contribution up to 2% of the employee's annual salary. The Association contributed $104,128 in 2013 and $83,090 in 2012 to the Plan.

NOTE 13 – MULTIEMPLOYER PENSION PLAN

The Association is a participating employer in a trustee-managed multiemployer defined benefit pension plan for employees who are covered under the collective bargaining agreement of the Houston Professional Musicians Association (Local Union #65-699 of the American Federation of Musicians). The plan generally provides retirement benefits to the union as a percentage of wages earned at the Association each pay period. The multiemployer pension plan is managed by a board of trustees with equal representation from the union and employers. Although the Association is not represented on the board of trustees, other contributing employers are members of the board of trustees. Contributions totaling $144,500 in 2013 and $122,206 in 2012 were charged to pension expense for ongoing participation in the pension plan. The Association's contributions do not represent more than 5% of the pension plan's total contributions. Additionally, there have been no significant changes that affect the comparability of 2013 and 2012 contributions.

The risks of participating in the multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Association chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of the collective bargaining agreement, the Association may discuss and negotiate for complete or partial withdrawal from the multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could be material to the Association's consolidated change in net assets in the period of the withdrawal. The Association has no plans to withdraw from its multiemployer pension plan.

The following presents information about Association's multiemployer pension plan as of July 31, 2013 and 2012, and the years ended July 31, 2013 and 2012:

NAME OF PENSION FUND	EIN AND PLAN NUMBER, IF AVAILABLE	PENSION PROTECTION ACT ZONE STATUS		FIP/RP STATUS	CONTRIBUTIONS FOR THE YEAR ENDED JULY 31,		SURCHARGE IMPOSED	EXPIRATION OF COLLECTIVE BARGAINING AGREEMENT
		2013	2012		2013	2012		
American Federation of Musicians and Employers' Pension Fund	51-6120204 Plan No. 001	Red 3/31/13	Red 3/31/12	Implemented	$144,500	$122,206	Yes	8/31/14

Due to the plan's "critical" status under the Pension Protection Act of 2006, a rehabilitation plan was adopted April 15, 2010 requiring an increase in the contribution rate from 10% of scale wages prior to adoption of the rehabilitation plan to a current rate of 10.90% of scale wages at July 31, 2013.

The Association also participates in other multiemployer defined contribution pension and health and welfare plans under various collective bargaining agreements. Total contributions to these plans were approximately $162,000 in 2013 and $133,000 in 2012.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 11, 2013, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Houston Grand Opera Association, Inc.

Consolidating Statement of Financial Position as of July 31, 2013

	ASSOCIATION					
	OPERATING FUND	PLANT FUND	ENDOWMENT	GUILD	ELIMINATIONS	TOTAL
ASSETS						
Cash	$ 1,000,450			$ 1,500		$ 1,001,950
Accounts receivable, net	143,974					143,974
Pledges receivable, net	11,818,151		$ 4,016,548			15,834,699
Deferred production costs and other assets	1,814,590			82,055		1,896,645
Beneficial interest in charitable trust			2,385,794			2,385,794
Investments			46,018,050		$ (1,000,000)	45,018,050
Property, net		$ 1,037,559				1,037,559
Due from affiliates				44,273	(44,273)	
TOTAL ASSETS	$ 14,777,165	$ 1,037,559	$ 52,420,392	$ 127,828	$ (1,044,273)	$ 67,318,671
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	$ 481,462		$ 10,261			$ 491,723
Accrued salaries and benefit costs	284,938					284,938
Due to affiliates	44,273				$ (44,273)	
Deferred subscription revenue	3,123,154					3,123,154
Deferred co-production and set rental revenue	95,846					95,846
Note payable	1,000,000				(1,000,000)	
Total liabilities	5,029,673		10,261		(1,044,273)	3,995,661
Net assets:						
Unrestricted	(2,694,116)	$ 1,037,559	151,581	$ 127,828		(1,377,148)
Temporarily restricted	12,441,608		12,389,108			24,830,716
Permanently restricted			39,869,442			39,869,442
Total net assets	9,747,492	1,037,559	52,410,131	127,828		63,323,010
TOTAL LIABILITIES AND NET ASSETS	$ 14,777,165	$ 1,037,559	$ 52,420,392	$ 127,828	$ (1,044,273)	$ 67,318,671

Houston Grand Opera Association, Inc.

Consolidating Statement of Financial Position as of July 31, 2012

	ASSOCIATION					
	OPERATING FUND	PLANT FUND	ENDOWMENT	GUILD	ELIMINATIONS	TOTAL
ASSETS						
Cash	$ 105,653			$ 1,500		$ 107,153
Accounts receivable, net	613,205					613,205
Pledges receivable, net	8,429,328		$ 3,289,896			11,719,224
Deferred production costs and other assets	2,057,111			73,049		2,130,160
Beneficial interest in charitable trust			2,832,399			2,832,399
Investments			39,936,545		$ (1,300,000)	38,636,545
Property, net		$ 1,279,497				1,279,497
Due from affiliates			14,376	46,217	(60,593)	
TOTAL ASSETS	$ 11,205,297	$ 1,279,497	$ 46,073,216	$ 120,766	$ (1,360,593)	$ 57,318,183
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	$ 343,331		$ 5,864	$ 3,301		$ 352,496
Accrued salaries and benefit costs	289,386					289,386
Due to affiliates	60,593				$ (60,593)	
Deferred subscription revenue	2,647,376					2,647,376
Deferred co-production and set rental revenue	441,797					441,797
Note payable	1,300,000				(1,300,000)	
Total liabilities	5,082,483		5,864	3,301	(1,360,593)	3,731,055
Net assets:						
Unrestricted	(2,709,647)	$ 1,279,497	727,205	117,465		(585,480)
Temporarily restricted	8,832,461		8,863,952			17,696,413
Permanently restricted			36,476,195			36,476,195
Total net assets	6,122,814	1,279,497	46,067,352	117,465		53,587,128
TOTAL LIABILITIES AND NET ASSETS	$ 11,205,297	$ 1,279,497	$ 46,073,216	$ 120,766	$ (1,360,593)	$ 57,318,183

Houston Grand Opera Association, Inc.

Consolidating Statement of Activities for the year ended July 31, 2013

	ASSOCIATION				
	OPERATING FUND	PLANT FUND	ENDOWMENT	GUILD	TOTAL
REVENUE:					
Contributions	$ 16,744,945		$ 3,478,580	$ 29,996	$ 20,253,521
Ticket sales and performance fees	5,449,504				5,449,504
Special events	2,896,991			74,346	2,971,337
Cost of direct donor benefits	(620,823)			(26,157)	(646,980)
Co-production and other income	1,434,188			116,417	1,550,605
Investment return, net	27,478		5,809,579		5,837,057
Total revenue	25,932,283		9,288,159	194,602	35,415,044
EXPENSES:					
Program services	17,279,646	$ 157,414		2,432	17,439,492
Marketing and advertising	3,018,936	60,702		5,533	3,085,171
Fundraising	3,009,327	21,701		103,238	3,134,266
Management and general	1,969,124	29,538	14,948	6,623	2,020,233
Total expenses	25,277,033	269,355	14,948	117,826	25,679,162
Transfers (to) from affiliates	2,969,428	27,417	(2,930,432)	(66,413)	
CHANGES IN NET ASSETS	3,624,678	(241,938)	6,342,779	10,363	9,735,882
Net assets, beginning of year	6,122,814	1,279,497	46,067,352	117,465	53,587,128
Net assets, end of year	$ 9,747,492	$ 1,037,559	$ 52,410,131	$ 127,828	$ 63,323,010

Houston Grand Opera Association, Inc.

Consolidating Statement of Activities for the year ended July 31, 2012

	ASSOCIATION				
	OPERATING FUND	PLANT FUND	ENDOWMENT	GUILD	TOTAL
REVENUE:					
Contributions	$ 9,951,695		$ 454,627	$ 20,171	$ 10,426,493
Ticket sales and performance fees	4,258,303				4,258,303
Special events	2,896,718			62,465	2,959,183
Cost of direct donor benefits	(673,189)			(27,150)	(700,339)
Co-production and other income	1,160,034			107,717	1,267,751
Investment return, net	(13,098)		486,117		473,019
Total revenue	17,580,463		940,744	163,203	18,684,410
EXPENSES:					
Program services	14,924,913	$ 162,052		15,756	15,102,721
Marketing and advertising	2,915,566	62,219		5,783	2,983,568
Fundraising	2,703,221	24,225		106,508	2,833,954
Management and general	1,908,381	33,734	14,711	6,855	1,963,681
Total expenses	22,452,081	282,230	14,711	134,902	22,883,924
Transfers (to) from affiliates	1,627,377	410,740	(1,986,322)	(51,795)	
CHANGES IN NET ASSETS	(3,244,241)	128,510	(1,060,289)	(23,494)	(4,199,514)
Net assets, beginning of year	9,367,055	1,150,987	47,127,641	140,959	57,786,642
Net assets, end of year	$ 6,122,814	$ 1,279,497	$ 46,067,352	$ 117,465	$ 53,587,128