

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**

**NEWBERRY, SOUTH CAROLINA**

**YEAR ENDED JUNE 30, 2023**



**NEWBERRY OPERA HOUSE FOUNDATION, INC.  
NEWBERRY, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2023**

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|                                     | <b>Page</b> |
|-------------------------------------|-------------|
| <b>Independent Auditor's Report</b> | 1           |
| <b>Financial Statements</b>         |             |
| Statement of Financial Position     | 3           |
| Statement of Activities             | 4           |
| Statement of Functional Expenses    | 5           |
| Statement of Cash Flows             | 6           |
| Notes to the Financial Statements   | 7           |





# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Newberry Opera House Foundation, Inc.  
Newberry, South Carolina

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Newberry Opera House Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Newberry Opera House Foundation, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit 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 Newberry Opera House Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Newberry Opera House Foundation, Inc.'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 Responsibilities 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.

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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 Newberry Opera House Foundation, Inc.'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 Newberry Opera House Foundation, Inc.'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.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
September 22, 2023

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2023**

**ASSETS**

|  |    |           |
|--|----|-----------|
| Cash and Cash Equivalents                    | \$ | 585,887   |
| Cash and Cash Equivalents, Restricted        |    | 221,161   |
| Investments                                  |    | 803,079   |
| Accounts Receivables, Net                    |    | 99,373    |
| Inventory                                    |    | 2,309     |
| Prepaid Expenses                             |    | 138,393   |
| Contribution Receivable - Donated Facilities |    | 1,519,375 |
| Endowment - Investments                      |    | 504,387   |
| Property and Equipment, Net                  |    | 1,855,729 |

|                     |           |                  |
|---------------------|-----------|------------------|
| <b>TOTAL ASSETS</b> | <b>\$</b> | <b>5,729,693</b> |
|---------------------|-----------|------------------|

**LIABILITIES**

|                                   |    |         |
|-----------------------------------|----|---------|
| Accounts Payable                  | \$ | 37,620  |
| Accrued Expenses and Withholdings |    | 9,210   |
| Deferred Revenue                  |    | 236,402 |

|                          |  |                |
|--------------------------|--|----------------|
| <b>TOTAL LIABILITIES</b> |  | <b>283,232</b> |
|--------------------------|--|----------------|

**NET ASSETS**

|  |  |           |
|--|--|-----------|
| Without Donor Restrictions:                  |  |           |
| Undesignated                                 |  | 1,295,809 |
| Board Designated for Contingency Reserve     |  | 50,000    |
| Board Designated Endowment                   |  | 279,580   |
| Invested in Property and Equipment           |  | 1,855,729 |
| Total Without Donor Restrictions             |  | 3,481,118 |
| With Donor Restrictions:                     |  |           |
| Contribution Receivable - Donated Facilities |  | 1,519,375 |
| Endowments                                   |  | 224,807   |
| Other Restricted Funds                       |  | 221,161   |
| Total With Donor Restrictions                |  | 1,965,343 |

|                         |  |                  |
|-------------------------|--|------------------|
| <b>TOTAL NET ASSETS</b> |  | <b>5,446,461</b> |
|-------------------------|--|------------------|

|   |           |                  |
|---|-----------|------------------|
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$</b> | <b>5,729,693</b> |
|---|-----------|------------------|

The notes to the financial statements are an integral part of these financial statements.  
See the accompanying independent auditor's report.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>        |
|---|---|--|---------------------|
| <b>REVENUE AND OTHER SUPPORT</b>            |   |  |                     |
| Production Revenue                          | \$ 1,070,064                              | -                                      | \$ 1,070,064        |
| Merchandise and Concessions                 | 67,461                                    | -                                      | 67,461              |
| Donations and Contributions                 | 538,043                                   | 93,500                                 | 631,543             |
| Grants                                      | 137,548                                   | -                                      | 137,548             |
| Employee Retention Tax Credit Proceeds      | 56,416                                    | -                                      | 56,416              |
| Facility Rental Income                      | 12,632                                    | -                                      | 12,632              |
| In-Kind Services and Support                | 341,864                                   | -                                      | 341,864             |
| Dividends and Interest                      | 38,791                                    | -                                      | 38,791              |
| Realized and Unrealized Gains (Losses), Net | 34,628                                    | 6,509                                  | 41,137              |
| Other Income                                | 22,737                                    | -                                      | 22,737              |
| Net Assets Released From Restrictions       | 146,867                                   | (146,867)                              | -                   |
| <b>Total Revenues and Other Support</b>     | <b>2,467,051</b>                          | <b>(46,858)</b>                        | <b>2,420,193</b>    |
| <b>EXPENSES</b>                             |   |  |                     |
| Program                                     | 1,772,469                                 | -                                      | 1,772,469           |
| Management and General                      | 685,192                                   | -                                      | 685,192             |
| Fundraising                                 | 220,790                                   | -                                      | 220,790             |
| <b>Total Expenses</b>                       | <b>2,678,451</b>                          | <b>-</b>                               | <b>2,678,451</b>    |
| <b>CHANGE IN NET ASSETS</b>                 | <b>(211,400)</b>                          | <b>(46,858)</b>                        | <b>(258,258)</b>    |
| NET ASSETS, Beginning of Year               | 3,692,518                                 | 2,012,201                              | 5,704,719           |
| <b>NET ASSETS, End of Year</b>              | <b>\$ 3,481,118</b>                       | <b>1,965,343</b>                       | <b>\$ 5,446,461</b> |

The notes to the financial statements are an integral part of these financial statements.  
See the accompanying independent auditor's report.



**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

|                                  | <b>Program</b>      | <b>Management and<br/>General</b> | <b>Fundraising</b> | <b>Total</b>        |
|----------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| Advertising and Promotion        | \$ 49,348           | 197,391                           | -                  | \$ 246,739          |
| Artist Expense                   | 977,217             | -                                 | -                  | 977,217             |
| Conferences and Conventions      | -                   | 7,668                             | -                  | 7,668               |
| Credit Card Charges and Fees     | 412                 | 137                               | -                  | 549                 |
| Depreciation and Depletion       | 69,080              | 23,027                            | -                  | 92,107              |
| Dues and Subscriptions           | -                   | 4,554                             | -                  | 4,554               |
| Equipment Rental and Maintenance | 22,432              | 4,206                             | 1,402              | 28,040              |
| Fundraising and Development      | -                   | -                                 | 89,512             | 89,512              |
| Insurance                        | 3,797               | 32,272                            | 1,898              | 37,967              |
| Meals and Catering               | 1,355               | 271                               | 181                | 1,807               |
| Merchandise and Concessions      | 24,507              | -                                 | -                  | 24,507              |
| Occupancy Expenses               | 63,558              | 3,531                             | 3,531              | 70,620              |
| Office Expense                   | 7,540               | 5,865                             | 3,351              | 16,756              |
| Professional Fees                | -                   | 44,251                            | -                  | 44,251              |
| Repairs and Maintenance          | 35,183              | 10,051                            | 5,026              | 50,260              |
| Salaries and Benefits            | 380,995             | 289,556                           | 91,439             | 761,990             |
| Software Maintenance             | 58,989              | -                                 | 6,554              | 65,543              |
| Supplies                         | 9,271               | 7,211                             | 4,120              | 20,602              |
| Telephone and Communications     | 2,458               | 1,966                             | 492                | 4,916               |
| Travel and Transportation        | -                   | 173                               | 19                 | 192                 |
| Utilities                        | 66,327              | 53,062                            | 13,265             | 132,654             |
|                                  | <u>\$ 1,772,469</u> | <u>685,192</u>                    | <u>220,790</u>     | <u>\$ 2,678,451</u> |

The notes to the financial statements are an integral part of these financial statements.  
See the accompanying independent auditor's report.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                  |
|---|------------------|
| Change in Net Assets                                      | \$ (258,258)     |
| Adjustments to Reconcile Change in Net Assets to Net Cash |                  |
| Used by Operating Activities:                             |                  |
| Depreciation and Depletion Expense                        | 92,107           |
| Realized and Unrealized (Gains) Losses, Net               | (41,137)         |
| Changes in Operating Assets and Liabilities:              |                  |
| Accounts Receivable, Net                                  | (80,023)         |
| Inventory   | 117              |
| Prepaid Expenses  | (115,202)        |
| Contribution Receivable - Donated Facilities              | 65,000           |
| Accounts Payable  | 25,395           |
| Accrued Expenses and Withholdings                         | 2,906            |
| Deferred Revenue  | 44,564           |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>              | <b>(264,531)</b> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                  |
|--|------------------|
| Purchases of Property and Equipment          | (53,941)         |
| Purchases of Investments                     | (783,528)        |
| Proceeds from Sale of Investments            | 30,656           |
| <b>NET CASH USED BY INVESTING ACTIVITIES</b> | <b>(806,813)</b> |

**DECREASE IN CASH AND CASH EQUIVALENTS (UNRESTRICTED AND RESTRICTED)** **(1,071,344)**

**CASH AND CASH EQUIVALENTS (UNRESTRICTED AND RESTRICTED), Beginning of Year** **1,878,392**

**CASH AND CASH EQUIVALENTS (UNRESTRICTED AND RESTRICTED), End of Year** **\$ 807,048**

The notes to the financial statements are an integral part of these financial statements.  
See the accompanying independent auditor's report.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Newberry Opera House Foundation, Inc. (the “Foundation”) was formed by Newberry City Council and is a not-for-profit organization incorporated in Newberry, South Carolina in 1992. Its stated purpose is to preserve, protect and operate the historic Newberry Opera House Performing Arts Center (the “Opera House”). The mission of the Opera House is to enhance the economic and cultural development of Newberry and the Midlands of South Carolina. The Foundation controls, operates and manages the Opera House which presents approximately one hundred fifty performances annually. The Foundation’s annual support comes primarily from admission and concession fees and sales related to the events and performances conducted and from individual, foundation and business donations.

**Basis of Presentation**

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

Cash equivalents included in these financial statements are defined as all highly liquid investments available for current use with an original maturity of three months or less. Cash and cash equivalents include Board-designated contingency reserves.

The following table provides a reconciliation of cash and cash equivalents reported within the Statement of Financial Position that sum to the total cash and cash equivalents reported in the Statement of Cash Flows.

|  |                   |
|--|-------------------|
| Cash and Cash Equivalents  | \$ 585,887        |
| Cash and Cash Equivalents, Restricted                            | 221,161           |
| Total Cash and Cash Equivalents shown in Statement of Cash Flows | <u>\$ 807,048</u> |

The Foundation maintains interest and noninterest demand deposit accounts with three financial institutions. At June 30, 2023, the Foundation’s total bank balances at these financial institutions exceeded Federal Deposit Insurance Corporation limits by approximately \$610,000. The uninsured portion of the balances was not collateralized and was thus potentially exposed to loss of value.

**Investments**

The Foundation currently has short-term and long-term investments. Generally accepted accounting principles require the Foundation to report its investments at fair value with gains and losses, both realized and unrealized, included in operations.

Investment securities and limited amounts of cash are held in brokerage accounts that are protected by the Securities Investor Protection Corporation (“SIPC”) in the event of a broker-dealer failure, with up to \$500,000 of protection for each brokerage account and a limit of \$250,000 for claims of uninvested cash balances. At June 30, 2023, the Foundation’s total investment balances exceeded SIPC limits by approximately \$504,000. The uninsured portion of the balances was not collateralized and was thus potentially exposed to loss of value.

**Accounts Receivable**

At June 30, 2023, the Foundation had \$99,373 in accounts receivables. Management believes that all accounts receivable are collectible in full, therefore, no allowance for the uncollectible receivables has been provided. The Foundation typically receives cost matching (i.e., reimbursement), as well as non-matching grant awards as additional support provided from the State of South Carolina. These grants are generally received without specific restrictions as to purpose and are commonly used to fund operating activities of the Foundation or for capital improvements as internally designated by management of the Foundation with oversight of its Board of Directors.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Prepaid Expenses**

Prepaid expenses at June 30, 2023 include costs that were paid prior to year-end, but benefit certain periods in the next fiscal year. These costs include software and maintenance support services under terms of coverage extending beyond the current fiscal year.

**Inventory**

Inventories of food, beverages, and souvenir items are stated at the lower of cost or market determined by the first-in, first-out method.

**Property and Equipment**

Furniture, equipment, vehicles, and leasehold improvements are capitalized at cost, or fair value at the time the asset is received. Furniture, equipment, and vehicles are being depreciated over estimated useful lives ranging from three to forty years using straight-line depreciation method. Leasehold improvements including costs incurred for building renovations are being amortized over seven to seventy-three years. The building lease term, including lease extensions, is seventy-five years. Individual items with costs of \$500 or more, and which have an estimated useful life of greater than one year are capitalized and depreciated over the estimated useful life of the asset. Repair and maintenance costs which do not extend the service utility life of the asset being repaired are expensed in the period in which the service was provided.

**Deferred Revenue**

Ticket sales received prior to the fiscal year to which they apply are not recognized as revenues until the year earned. Amounts collected for gift certificates prior to year-end, and which are purchased for events and performances conducted in the next subsequent year are reported as deferred revenue on the Statement of Financial Position. Gift certificates typically expire five years after the date of issuance.

Any remaining balances from gift certificates five years after issuance are normally released from deferred revenue and recognized as revenue.

**Net Assets**

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor-imposed restrictions. The Board, at its discretion, may designate a portion of the net assets without donor restrictions to be used for specific purposes, such as capital improvements or as a contingency reserve.
- Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of the Foundation or the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. When a 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 Statement of Activities as net assets released from restrictions.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Donations, Grants, and Contributions**

All grants and donations are recognized when received and are considered to be available for unrestricted use unless specifically restricted by the grantor or donor. Amounts received that are designated for future periods or restricted by the grantor or donor for specific purposes that are not fulfilled during the current year are reported as increases to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. In the year ended June 30, 2023, the City of Newberry ("City") reimbursed the Foundation for the salary of the Foundation's executive director.

**In-Kind Services and Support, Donated Materials and Facilities**

The Foundation generally pays for services requiring specific expertise. For contributed services that do not create or enhance non-financial assets or require specialized skills or would not have been purchased if not donated, no amounts have been reflected in the financial statements for these services, since these services do not meet the criteria for recognition as contributed services. Services that meet the criteria for recognition as contributed services and in-kind contributions are recorded as contributions at their estimated fair market value. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation during events and performances conducted at the Opera House as well as serving on various committee assignments. The value of these volunteer services is not recorded in the Foundation's financial statements, as the criteria for recognition of these services has not been met.

Three full-time staff members of the Foundation are employees of the City, and are provided to the Foundation at no charge. As detailed in Note F, the Foundation records as in-kind services revenue an amount equal to the compensation and benefits paid by the City to these employees. The City also pays certain utility costs on behalf of the Foundation which are not reimbursed by the Foundation. These costs are also recorded as in-kind services revenue by the Foundation. The fair value of the in-kind services and support are allocated among program services and supporting services as detailed in Note F.

The City also leases the Opera House to the Foundation as detailed in Note E for a dollar per year. The fair value of the annual use of the leased building is estimated to be \$65,000 which is reflected as donated facilities revenue and occupancy expenses in the Statement of Activities. Management's fair value estimate for the building's use considered the building's location, historical status, maintenance requirements, size, and use as a concert venue.

The Foundation does not receive a significant amount of donated materials so any value attached to materials donated and used in normal operating activities of the Foundation is not included in the financial statements.

**Advertising and Marketing**

The Foundation has a policy of expensing advertising and marketing costs as incurred. Advertising and promotion costs for the year ended June 30, 2023 totaled \$246,739.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized in the Statement of Functional Expenses. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributable to program, management, and general and fundraising activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated costs include salaries and benefits which are allocated on the basis of estimates of time and effort, and occupancy expenses and utilities, which are allocated on a usage of building basis.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Taxes**

The Foundation has obtained exemption from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Management is not aware of any transactions or events that would disqualify its tax-exempt status. Therefore, no provision for income taxes has been included in the financial statements. The Foundation's tax returns for the past three years remain open for examination by taxing authorities.

**Fair Value Framework**

The fair value framework under generally accepted accounting principles requires the categorization of assets into three levels based upon the assumptions used to value the assets. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three levels of the fair value hierarchy are described below:

- Level One – Unadjusted quoted prices for identical assets in active markets.
- Level Two – Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level Three – Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Estimates**

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

**NOTE B—LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within the year following June 30, 2023, consist of the following:

|                           |                     |
|---------------------------|---------------------|
| Cash and Cash Equivalents | \$ 585,887          |
| Investments               | 803,079             |
|                           | <u>\$ 1,388,966</u> |

The Foundation anticipates being able to meet its remaining liquidity needs during the upcoming year with donations and ticket sales. The Board has designated \$279,580 to be used for an endowment and \$50,000 as a contingency reserve. These amounts, with the Board's approval, could be made available if necessary to meet the Foundation's liquidity needs.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**NOTE C—INVESTMENTS**

The Foundation had the following investments at June 30, 2023:

|  | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u>   |
|--|-------------------|----------------|----------------|---------------------|
| Investments Measured at Fair Value Subject to Fair Value Levels: |                   |                |                |                     |
| U.S. Equity Exchange Traded Funds ("ETF's")                      | \$ 131,608        | -              | -              | \$ 131,608          |
| U.S. Equity Holdings   | 117,659           | -              | -              | 117,659             |
| U.S. Corporate and Government Fixed Income ETF's                 | 116,087           | -              | -              | 116,087             |
| U.S. Corporate Bonds and Notes                                   | 48,486            | -              | -              | 48,486              |
| Emerging Market ETF's  | 26,603            | -              | -              | 26,603              |
| International ETF's  | 64,796            | -              | -              | 64,796              |
| Commodities  | 1,005             | -              | -              | 1,005               |
| Brokered Certificates of Deposit                                 | -                 | 748,877        | -              | 748,877             |
| Oil and Gas Mineral Property Rights                              | -                 | -              | 52,345         | 52,345              |
| Total Investments by the Fair Value Hierarchy                    | <u>\$ 506,244</u> | <u>748,877</u> | <u>52,345</u>  | <u>\$ 1,307,466</u> |

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

| <u>Oil and Gas Mineral Property Rights</u> |                  |
|--|------------------|
| Balance at June 30, 2022, Net of Depletion | \$ 47,700        |
| Net Unrealized Gain                        | 7,900            |
| Depletion                                  | (3,255)          |
| Balance at June 30, 2023, Net of Depletion | <u>\$ 52,345</u> |

During the year ended June 30, 2016, the Foundation received a gift of ownership rights for oil and gas mineral properties located in the states of Oklahoma and Texas. At the time of the gift of ownership rights for oil and gas mineral properties, the remaining production life of the oil and gas mineral rights property was estimated to be at least twenty years based on estimates of the remaining reserves. The fair value of the ownership rights is estimated annually based on a multiple of the annual income received and recent oil and gas market events. Fair value is estimated based on a multiple of the annual income arising from the ownership rights. The Foundation recorded income totaling \$19,163 from these property rights during the year ended June 30, 2023.

**NOTE D—PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following at June 30, 2023:

|                                    |                     |
|------------------------------------|---------------------|
| Leasehold Improvements             | \$ 525,307          |
| Furniture, Fixtures, and Equipment | 172,939             |
| Vehicles                           | 4,376               |
| Building Renovations               | <u>2,755,916</u>    |
|                                    | 3,458,538           |
| Less Accumulated Depreciation      | <u>(1,602,809)</u>  |
|                                    | <u>\$ 1,855,729</u> |

**NEWBERRY OPERA HOUSE FOUNDATION, INC.  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE E—LEASE**

In November 1996, the Foundation entered into a twenty-five-year lease with the City of Newberry to lease the Opera House for a dollar a year. The lease contains two options to extend the lease term for an additional twenty-five years under each extension. The lease was extended in November 2021 for an additional twenty-five year term. The Foundation recorded the value of the lease as a receivable and will expense the fair value of the use of the building each year. The estimated annual fair value of the use of the building was \$65,000. A receivable of \$1,625,000 was recorded in November 2021 reflecting the value of the lease at \$65,000 a year for twenty-five years. The balance of the contribution receivable for the donated facilities at June 30, 2023 was \$1,519,375; this amount was also included in net asset with restrictions. \$65,000 will be released from restrictions each year.

**NOTE F—IN-KIND SERVICES AND SUPPORT**

On July 29, 2011, the Foundation and the City entered into an agreement designed to re-establish and re-define the business component of the ongoing relationship between the two entities. The agreement was scheduled to be renegotiated three years from July 2011. The July 2011 agreement included a provision releasing any claim for reimbursement by either party for any cost incurred in future operations. The July 2011 agreement also established a \$1 per ticket surcharge, which is collected by the Foundation and remitted to the City on a monthly basis. The City also agreed to no longer invoice the Foundation for utilities and for the cost of salaries and related benefits of certain personnel operating exclusively for the benefit of the Foundation and its activities.

During the year ended June 30, 2023, the fair value of in-kind services and support paid by the City on behalf of the Foundation representing the salaries and benefits of those employees operating exclusively for the benefit of the Foundation totaled \$258,457, which was recorded as in-kind services and support revenue and salaries and benefits expense.

During the year ended June 30, 2023, the amount of utility costs paid by the City on behalf of the Foundation totaled \$83,406 and was recorded as in-kind services and support revenues and utilities expense.

**NOTE G—ENDOWMENTS**

The Foundation had two endowments and a Board designation during the year ended June 30, 2023. The two endowments are included in net assets with donor restrictions. The first endowment was established during the year ended June 30, 2003, when the Foundation received a \$200,000 endowment contribution from a donor's estate. Income from this endowment may be used annually as the Foundation's Board deems appropriate.

During the year ended June 30, 2020, the Foundation received a \$5,000 contribution to start the second endowment. During the year ended June 30, 2021, the Foundation received an additional \$40,000 in endowment contributions.

In January 2020, the Foundation's Board designated \$25,000 to assist in the establishment of the endowment fund discussed above. These funds are not considered donor-restricted funds. In January 2023, the Foundation's Board designated an additional \$250,000 to assist in the growth of the endowment.

The Foundation established an investment policy related to the endowment during the year ended June 30, 2022. The Foundation is to re-invest all earnings until the endowment reaches a balance greater than \$1,500,000. Once the \$1,500,000 balance is reached the Foundation can withdraw up to 5% of the total market value to be used for operating purposes. Any draw down greater than 5% must be approved by the Board. The Foundation's Board has interpreted the South Carolina Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

The endowed amount is invested along with other Foundation investments as detailed in Note C Investments.



**NEWBERRY OPERA HOUSE FOUNDATION, INC.**  
**NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**NOTE G—ENDOWMENTS (CONTINUED)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in the two donor restricted endowments. These deficiencies resulted from unfavorable market conditions. The Foundation does not have a policy related to spending underwater endowments.

| Year Ended June 30, 2023                | Restricted 2003<br>Endowment | Restricted 2022 and<br>after Endowment | Unrestricted Board<br>Designated | Total       |
|---|------------------------------|--|----------------------------------|-------------|
| Endowment Net Assets, Beginning of Year | \$ 178,196                   | 40,102                                 | 22,274                           | \$ 240,572  |
| Contributions                           | -                            | -                                      | 250,000                          | 250,000     |
| Investment Return                       |                              |  |                                  |             |
| Net Realized and Unrealized Gain (Loss) | 5,314                        | 1,195                                  | 7,306                            | 13,815      |
| Endowment Net Assets, End of Year       | 183,510                      | 41,297                                 | 279,580                          | 504,387     |
| Original Corpus                         | 200,000                      | 45,000                                 | 275,000                          | 520,000     |
| Underwater                              | \$ (16,490)                  | (3,703)                                | 4,580                            | \$ (15,613) |

**NOTE H – NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets are as follows as of June 30, 2023:

|   |                     |
|---|---------------------|
| Sponsorships for Upcoming Season              | \$ 20,000           |
| Contributions Receivable - Donated Facilities | 1,519,375           |
| Newberry Arts For All Funds                   | 201,161             |
| Endowments                                    | 224,807             |
| Total   | <u>\$ 1,965,343</u> |

During the year ended June 30, 2011, a donor pledged a significant gift (“Dufford Funds”) dedicated to creating a programmatic component of the Opera House season designated to further the expression, expansion, and awareness of cultural diversity in society. At June 30, 2023, the Dufford Funds were entirely spent down.

The Foundation has established a new giving initiative known as Newberry Arts for All (“NAFA”). NAFA expands on the existing cultural diversity initiative discussed above to bring the arts to people who have not been regular attendees of the Opera House by distributing tickets at reduced or no cost to those with limited resources, holding community concerts, and sponsoring certain summer camps. At June 30, 2023, \$201,161 in NAFA contributions remained unspent and were included in net assets with donor restrictions.

During the current year, the Foundation received \$20,000 in sponsorships which were restricted to support the upcoming Opera House season and are therefore included in net assets with donor restrictions at June 30, 2023.

**NOTE I—BOARD DESIGNATED CONTINGENCY RESERVE**

In September 2016, the Foundation’s Board designated a \$50,000 unrestricted donation as a contingency reserve which can only be expended by the Foundation after receiving Board approval.

**NEWBERRY OPERA HOUSE FOUNDATION, INC.  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**NOTE J—RELATED PARTY**

The Foundation has an economic interest in the Newberry Opera House Guild (the “Guild”), in that the Guild raises funds solely for the benefit of the Foundation. The Guild takes donations on behalf of the Foundation and such donations are viewed as having been directly contributed to the Foundation. During the current year, donations raised through the Guild totaled \$11,000.

**NOTE K—COMMITMENTS**

The Foundation had commitments of \$50,000 at June 30, 2023 for artist contracts that were signed for shows subsequent to June 30, 2023.

**NOTE L—SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 22, 2023, which is the date the financial statements were available to be issued.