LYRIC OPERA OF CHICAGO
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2013 and April 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Lyric Opera of Chicago
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Lyric Opera of Chicago (the Opera), which comprise the statements of financial position as of June 30, 2013 and April 30, 2012, and the related statements of activities and cash flows for the fourteen months ended June 30, 2013 and the year ended April 30, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lyric Opera of Chicago as of June 30, 2013 and April 30, 2012, and the changes in its net assets and its cash flows for the fourteen month period ended June 30, 2013 and the year ended April 30, 2012, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of operating activities for the years ended April 30, 2013 and April 30, 2012, and the accompanying statement of activities column format which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Crowe Horwath LLP

Crowe Horwath LLP

Chicago, Illinois
October 8, 2013

LYRIC OPERA OF CHICAGO

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2013 and April 30, 2012

	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 8,873,660	$ 4,643,124
Short-Term Investments	15,973,765	20,179,125
Ticket and Other Receivables	1,665,696	2,754,093
Pledge and Bequest Receivables, net	7,442,354	4,690,479
Deferred Production Costs and Other Assets	4,211,687	2,700,630
Total Current Assets	38,167,162	34,967,451
Long-Term Assets		
Pledge and Bequest Receivables, net	33,272,931	18,358,292
Long-Term Investments	162,544,155	154,369,785
Deferred Bond Issuance Costs, net	1,012,666	1,102,567
Property and Equipment, net	47,987,954	49,437,630
Total Long-Term Assets	244,817,706	223,268,274
Total Assets	$ 282,984,868	$ 258,235,725
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Other Liabilities	$ 4,042,257	$ 4,622,295
Deferred Ticket and Other Revenue	14,525,388	12,637,579
Severance Plans	350,228	282,740
Interest Rate Swap	1,448,491	1,446,050
Total Current Liabilities	20,366,364	18,988,664
Long-Term Liabilities		
Severance Plans	3,690,012	3,372,390
Bonds Payable	65,700,000	65,700,000
Interest Rate Swap	7,539,088	10,715,394
Total Long-Term Liabilities	76,929,100	79,787,784
Total Liabilities	97,295,464	98,776,448
Net Assets		
Unrestricted	95,061,711	92,925,546
Temporarily Restricted	66,007,882	43,820,199
Permanently Restricted	24,619,811	22,713,532
Total Net Assets	185,689,404	159,459,277
Total Liabilities and Net Assets	$ 282,984,868	$ 258,235,725

See accompanying notes to financial statements.

LYRIC OPERA OF CHICAGO

STATEMENTS OF ACTIVITIES

For the Fourteen Months Ended June 30, 2013 and the Year ended April 30, 2012

	Fourteen Months Ended June 30, 2013	Year Ended April 30, 2012
Changes in Unrestricted Net Assets		
Operating		
Revenue and Support		
Revenue		
Ticket Sales	$ 26,671,273	$ 25,029,859
Spending Draw	8,342,619	7,092,503
Investment Income (Loss)	196,240	(33,770)
Other Operating Revenue	3,672,271	3,663,518
Total Revenue	38,882,403	35,752,110
Support		
Contributions and Fundraising Revenue, net	14,602,194	11,943,860
Net Assets Released from Restriction and Designation	14,804,905	12,695,947
Total Support	29,407,099	24,639,807
Total Operating Revenue and Support	68,289,502	60,391,917
Expenses		
Artistic, Production and Promotional	58,200,440	51,775,108
Administration	6,703,088	5,760,873
Development	3,385,974	2,855,936
Total Expenses	68,289,502	60,391,917
Change in Operating Net Assets	$ -	$ -

See accompanying notes to financial statements.

LYRIC OPERA OF CHICAGO

STATEMENTS OF ACTIVITIES

For the Fourteen Months Ended June 30, 2013 and the Year ended April 30, 2012

	Fourteen Months Ended June 30, 2013	Year Ended April 30, 2012
Changes in Unrestricted Net Assets		
Non-Operating		
Revenue and Support		
Contributions	$ 620,303	$ 2,990,480
Investment Income (Loss), net of Spending Draw	3,229,660	(10,788,022)
Unrealized Gain (Loss) on Interest Rate Swap	3,173,866	(5,617,438)
Other	8,313	112,209
Net Assets Released from Restriction	(660,412)	864,570
Total Revenue and Support	6,371,730	(12,438,201)
Expenses		
Depreciation	3,512,924	2,996,099
Other	722,641	730,579
Total Expenses	4,235,565	3,726,678
Change in Non-Operating Unrestricted Net Assets	2,136,165	(16,164,879)
Change in Unrestricted Net Assets	2,136,165	(16,164,879)
Changes in Temporarily Restricted Net Assets		
Contributions	32,139,076	8,672,996
Investment Income (Loss)	4,193,100	(768,736)
Net Assets Released from Restriction	(14,144,493)	(13,560,517)
Change in Temporarily Restricted Net Assets	22,187,683	(5,656,257)
Changes in Permanently Restricted Net Assets		
Contributions	1,906,279	22,511
Change in Net Assets	26,230,127	(21,798,625)
Net Assets at Beginning of Period	159,459,277	181,257,902
Net Assets at End of Period	$ 185,689,404	$ 159,459,277

See accompanying notes to financial statements.

LYRIC OPERA OF CHICAGO

STATEMENTS OF CASH FLOWS

For the Fourteen Months Ended June 30, 2013 and the Year ended April 30, 2012

	Fourteen Months Ended June 30, 2013	Year Ended April 30, 2012
Cash Flows from Operating Activities		
Change in Net Assets	$ 26,230,127	$ (21,798,625)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation and Amortization	3,628,138	3,073,156
Net Realized and Unrealized (Gains) Losses on Investments	(14,188,738)	6,074,829
Net Interest Rate Swap Settlements	1,706,584	1,458,869
Unrealized (Gains) Losses on Interest Rate Swap	(3,173,865)	5,617,438
Contributions Permanently Restricted for Endowment	(1,906,278)	(22,511)
(Increase) Decrease in Unrestricted and Temporarily Restricted Pledge and Bequest Receivables	(15,770,236)	2,776,348
Decrease (Increase) in Ticket and Other Receivables	1,088,397	(1,326,136)
Increase in Deferred Production Costs and Other Assets	(1,511,057)	(722,308)
Decrease in Accounts Payable and Other Liabilities	(580,038)	(812,346)
Increase (Decrease) in Deferred Ticket and Other Revenue	1,887,809	(73,060)
Increase in Severance Plans	385,110	439,151
Net Cash Used In Operating Activities	(2,204,047)	(5,315,195)
Cash Flows from Investing Activities		
Sale of Investments	47,107,119	31,945,962
Purchase of Investments	(36,887,391)	(21,371,464)
Net Interest Rate Swap Settlements	(1,706,584)	(1,458,869)
Fixed Asset Additions:		
Facilities	(650,234)	(1,241,084)
Equipment and Other Assets	(1,438,327)	(524,163)
Net Cash Provided By Investing Activities	6,424,583	7,350,382
Cash Flows from Financing Activities		
Contributions Permanently Restricted for Endowment	10,000	50,000
Net Cash Provided by Financing Activities	10,000	50,000
Net Increase in Cash and Cash Equivalents	4,230,536	2,085,187
Cash and Cash Equivalents at Beginning of Year	4,643,124	2,557,937
Cash and Cash Equivalents at End of Year	$ 8,873,660	$ 4,643,124
Supplemental Disclosure of Cash Flow Information		
Interest Paid	$ 2,020,834	$ 1,713,598

See accompanying notes to financial statements.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Lyric Opera of Chicago (the Opera) is a not-for-profit corporation incorporated in the State of Illinois. The Opera's primary purpose is to sponsor, produce, and encourage opera and musical performances. The Opera's operations include international grand opera, educational and community engagement activities through Lyric Unlimited, other musical performances and the training for young artists through the Patrick G. and Shirley W. Ryan Opera Center (the Ryan Opera Center).

Basis of Accounting: The accounting records of the Opera are maintained on the accrual basis and include the operations of the Ryan Opera Center.

Fiscal Year: Expanded programming necessitated the Opera to change its fiscal year-end from April 30 to June 30 beginning with fiscal 2013. In the preceding Statements of Activities and Cash Flows, as well as the accompanying footnotes, the period ended June 30, 2013 includes activities for 14 months. The period ended April 30, 2012 includes activities for 12 months.

Basis of Presentation: Resources of the Opera are classified for reporting purposes into the following three net asset categories according to the existence or absence of donor-imposed restrictions:

- **Unrestricted Net Assets** - net assets which are not subject to donor-imposed restrictions including the carrying value of physical properties (land, facilities and equipment). Items which increase or decrease this net asset category include revenue—principally ticket sales and investment income unless donor-restricted, and all expenses of the Opera. This category also includes unrestricted gifts and restricted gifts whose donor-imposed or time restrictions were met during the fiscal year.

  Within unrestricted net assets are:

  - Operating unrestricted net assets - include all unrestricted operating revenue and expenses that are an integral part of its programs and supporting activities, interest expense and other debt service costs, net assets released from donor restrictions to support operating activities, and distributions in accordance with the Opera's spending policies and Campaign for Excellence.

  - Non-Operating unrestricted net assets - include unrestricted investment returns in excess of the Opera's spending policy, capitalized property and equipment and its related depreciation, the actuarial change in severance plans' valuation, and the unrealized balance in the value of the swap. Unrestricted charitable gift annuities are recorded in Revenue and Support as contributions.

- **Temporarily Restricted Net Assets** - net assets subject to donor-imposed restrictions which may be met either by actions of the Opera or the passage of time. Items which increase this net asset category are gifts for which donor-imposed restrictions have not been met and accumulated income on restricted net assets.

- **Permanently Restricted Net Assets** - net assets subject to donor-imposed restrictions stipulating the corpus be held in perpetuity.

Cash and Cash Equivalents: Cash and cash equivalents consist of highly liquid, interest-bearing, investments with original maturities of less than three months.

(Continued)

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Investments: Short-term investments consist of a short-term fixed income mutual fund.

Pledge and Bequest Receivables: Contributions, including cash or other assets, as well as unconditional promises to give, are recognized in the period received.

Contributions are classified as unrestricted or restricted support based on the donor's intent. When a donor restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is met), the Opera reclassifies the temporarily restricted net assets to unrestricted net assets and reports these assets as released from restriction. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the Opera classifies the support as unrestricted, except for production sponsorship where the contribution is classified as temporarily restricted until the opening of the production.

As of June 30, 2013 and April 30, 2012, contributors to the Opera have made unconditional promises to give, which are due as follows:

June 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Less than one year	$ 2,224,171	$ 5,615,972	$ -	$ 7,840,143
One to five years	853,169	22,859,953	2,000,000	25,713,122
More than five years	-	1,800,000	-	1,800,000
With no due date	75,000	11,228,212	21,553	11,324,765
Gross	3,152,340	41,504,137	2,021,553	46,678,030
Less discount	33,703	4,506,051	103,722	4,643,476
Less allowance	11,706	1,302,307	5,256	1,319,269
Net	$ 3,106,931	$ 35,695,779	$ 1,912,575	$ 40,715,285

April 30, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Less than one year	$ 2,052,908	$ 3,021,757	$ 8,000	$ 5,082,665
One to five years	1,108,000	11,486,092	-	12,594,092
More than five years	-	100,000	-	100,000
With no due date	-	11,225,635	21,553	11,247,188
Gross	3,160,908	25,833,484	29,553	29,023,945
Less discount	48,490	4,534,428	256	4,583,174
Less allowance	58,000	1,321,000	13,000	1,392,000
Net	$ 3,054,418	$ 19,978,056	$ 16,297	$ 23,048,771

Unconditional pledges expected to be received over more than one year are recorded by the Opera at their net realizable value using a discount rate equivalent to treasury yields.

Deferred Production Costs: Expenditures for scenery, costumes, and stage properties are recorded as deferred production costs if specifically related to productions of future opera seasons and expensed if used in productions of the current opera season.

(Continued)

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Investments: Long-term investments, consisting primarily of publicly traded equity and fixed income mutual funds, alternative investments and real assets, are stated at fair value. For investment purposes, unrestricted funds are commingled with endowment funds to constitute the managed portfolio.

Property and Equipment: Purchases of property and equipment greater than $3,500 that have a useful life of more than one year are capitalized at their original cost or estimated fair value at the date of donation. Provisions for depreciation are computed on the straight-line method based on estimated useful lives ranging from three to forty years.

Property and equipment consist of:

	2013	2012
Land	$ 696,577	$ 696,577
Equipment	8,850,750	7,468,835
Facilities	88,497,811	88,409,152
Less: accumulated depreciation	50,057,184	47,136,934
Net	$ 47,987,954	$ 49,437,630

Donated assets, or assets acquired with gifts restricted to the purchase of long-lived assets, are reclassified to unrestricted net assets as depreciation is recognized.

On an ongoing basis, the Opera reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. As of June 30, 2013 and April 30, 2012, management believes that no impairments existed.

Deferred Ticket Revenue: Deferred ticket revenue relates to ticket sales for the following opera season.

Interest Rate Swap: The Opera entered into an interest rate swap agreement as part of its interest rate risk management strategy, not for speculation. Although the Opera believes the derivative would qualify as a hedge, for simplicity it has elected to report the instrument as a freestanding derivative.

Donated Services and Materials: The Opera records various types of in-kind support, including contributed services, equipment, and other goods. Contributions of tangible assets and services are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets. Donated services and materials were $620,071 and $1,343,496 for the periods ended June 30, 2013 and April 30, 2012, respectively.

During the periods ended June 30, 2013 and April 30, 2012, substantial amounts of time were donated by volunteers to the Opera in its fundraising and outreach efforts. In accordance with accounting principles generally accepted in the United States of America such amounts were not recorded as contributions in the financial statements.

Realized and Unrealized Investment Gains (Losses): Changes in the fair value of investments are reported as unrestricted realized and unrealized investment gains or losses unless a donor temporarily restricts income for a specific purpose. If the earnings are on permanently restricted assets and not yet appropriated for expenditure, changes in the fair value of investments are reported as temporarily restricted.

(Continued)

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Operating Revenue: Other operating revenue includes revenue from various sources such as facilities rentals, concessions, production rentals, and educational activities.

Contributions and Fundraising Revenue, net: Contributions and fundraising revenue, net includes unrestricted Annual Campaign contributions and various fundraising special events contributions, admissions, sales, and related expenses. The following table summarizes the periods ended June 30, 2013 and April 30, 2012:

	2013	2012
Contributions and fundraising revenue	$ 17,005,299	$ 15,858,827
Special event expenses	(2,403,105)	(3,914,967)
Net	$ 14,602,194	$ 11,943,860

Advertising Costs: Advertising costs are either expensed as incurred or charged to prepaid expenses when directly related to ticket sales for the following fiscal year. Advertising costs charged to expense were $2,820,857 and $2,380,438 for the periods ended June 30, 2013 and April 30, 2012, respectively. Prepaid advertising expenses, to be expensed in the following fiscal year, were $552,690 and $507,041 as of June 30, 2013 and April 30, 2012, respectively.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Reclassifications: Certain prior year amounts have been reclassified in fiscal 2012 to conform to the presentation in fiscal 2013. These reclassifications did not affect the change in net assets or total net assets.

NOTE B – INCOME TAXES

The Opera is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Opera has concluded there were no material uncertain tax positions nor does the Opera expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Opera would recognize interest and penalties related to unrecognized tax positions in interest and income tax expense, respectively. However, the Opera has no amounts accrued for interest or penalties as of June 30, 2013 and April 30, 2012. There are no on-going federal, state or local tax audits, however, the Opera's tax returns for 2010 and subsequent years remain open to examination.

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Opera's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

(Continued)

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The Opera is permitted to use a practical expedient which allows for the measurement of the fair value based on the investee's net asset value per share or its equivalent.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates (Level 2 inputs). The fair value of investments in limited liability partnerships are based on valuations provided by the external investment manager as of the date of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through the end of the fiscal year (Level 2 and Level 3 inputs).

Investment Strategies and Valuation Inputs

Fixed Income Securities consist of mutual funds which are primarily invested in debt securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges.

Equity Securities consist of mutual funds, common trust funds, and a limited partnership, all of which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges. The Opera has full transparency to the holdings of the common trust funds, and the fair value of these investments and the limited partnership investment has been determined by the managers based on the market prices of the underlying holdings. The limited partnership is invested primarily in emerging market equity securities.

Hedged Equities (Long/Short) consists of funds which seek above-average returns in all market environments. The funds invest in both long and short securities to mitigate market risk. Certain investment funds concentrate their investment programs in specific industries, sectors or market capitalization. In addition, the funds may utilize leverage, options, futures, commodities or other derivatives and may invest in non-U.S. securities and illiquid securities.

Absolute Return consists of funds which seek to generate attractive, risk-adjusted returns across all market environments. In pursuing this investment objective, the funds generally employ multiple strategies, including without limitation, (i) credit and volatility-driven strategies such as the trading of convertible, asset-backed, mortgage-backed, high-yield and distressed instruments, credit , fixed-income and capital structure arbitrage, and private placements, (ii) equity strategies, including fundamental and

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

quantitative long-short, long only and short only equity trades, and relative value-driven equity strategies and (iii) investments in commodity derivatives and physical commodities.

Real Assets consists of funds which invest in real estate, natural resources and credit.

(1) Investments in real estate seek to capitalize on relative value and opportunities across various property types, geographic regions and strategies through value-added real estate investments primarily in the United States.
(2) Natural resources consist of global investments in commodities such as metals and mining, gold and other precious metals and oil and gas exploration and production. Holdings may be comprised of equities, ETFs, debt, illiquid investments, derivatives, commodity futures and commodity future options.
(3) Credit funds pursue investments in distressed residential mortgage market and opportunistic investments in corporate credit, real estate and asset-based lending. The fund may engage in hedging activities, including interest rate hedging, currency hedging, short sales, foreign exchange transactions, and other derivative contracts or instruments.

Assets Held in Trust – The Opera is the beneficiary of two endowment funds managed by the Chicago Community Trust. The fair value of beneficial interests is determined based upon the Opera's proportional interest in the fair value of the underlying trust assets. The underlying trust assets are either readily marketable and have fair values which are determined by obtaining quoted market prices in active markets, or are determined by the trust using information provided by the related investment manager (Level 3 inputs)[income approach].

Interest Rate Swap – The fair value of the swap is computed using the present value of cash flows based on the notional amount, term, and fixed and variable interest rates contained in the contract. The model prices the instrument at an exit value were the agreement terminated at the date of valuation. Significant fair value inputs can be verified and do not involve management judgments (Level 2 inputs)[market approach].

Alternative Investments consist of the hedged equities and absolute return investment categories. In addition, real assets of $10,023,306 and $10,682,547 as of June 30, 2013 and April 30, 2012, respectively are considered alternative investments. The Opera generally uses the net asset value ("NAV"), but incorporates information such as historical and current performance of underlying assets, liquidity terms of the investment agreements, completed or pending transactions in the underlying or a comparable investment, and overall market conditions in determining valuations. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, or appraisals. In some instances, the Opera possesses the ability to redeem its investment at the NAV at or near the measurement date (Level 2 inputs)[income approach]. In some instances, however, restrictions on redemptions, such as notice requirements, lock-ups and gates, may be in place such that investment redemption at NAV is not possible at the measurement date (Level 3 inputs)[income approach].

The following table discloses additional information about investments recorded at fair value at June 30, 2013 and April 30, 2012:

(Continued)

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

June 30, 2013	Fair Value	Unfunded Commitments	Redemption Terms	Estimated Remaining Life
Fixed income securities	$ 24,922,878	$ -	Daily	n/a
Equity securities	77,227,795	-	Daily to monthly	n/a
Hedged equities	25,512,935	-	Monthly to one year	n/a
Absolute return	32,962,791	-	Quarterly to three years	n/a
Real assets				
Credit and real estate	7,548,880	4,697,244	Not permitted	5-12 years
Natural resources	6,341,679	-	Monthly to quarterly	n/a
Investment assets held in trust	4,000,962	-	Not permitted	n/a
Total investments	$ 178,517,920	$ 4,697,244		

April 30, 2012	Fair Value	Unfunded Commitments	Redemption Terms	Estimated Remaining Life
Fixed income securities	$ 26,434,725	$ -	Daily	n/a
Equity securities	73,885,618	-	Daily to monthly	n/a
Hedged equities	22,458,612	-	Quarterly to two years	n/a
Absolute return	32,984,150	-	Quarterly to three years	n/a
Real assets				
Credit and real estate	7,778,982	5,191,436	Not permitted	6-13 years
Natural resources	7,242,392	-	Monthly to quarterly	n/a
Investment assets held in trust	3,764,431	-	Not permitted	n/a
Total investments	$ 174,548,910	$ 5,191,436		

At June 30, 2013, $1,852,509 of the Opera's alternative investments are in illiquid, special investments. Unfunded commitments represent capital calls which can be made at the discretion of the general partner within contractual limits. These commitments do not represent obligations required to be accrued on the Statements of Financial Position.

Assets and liabilities measured on a recurring basis at fair value at June 30, 2013 and April 30, 2012, are summarized below:

June 30, 2013	Level 1	Level 2	Level 3	Total
Current assets:				
Fixed income securities	$ 15,973,765	$ -	$ -	$ 15,973,765
Long-term assets:				
Fixed income securities	8,949,113	-	-	8,949,113
Equity securities				
Large cap	17,630,765	11,859,440	-	29,490,205
Small cap	60,233	4,096,126	-	4,156,359
International	26,970,312	16,610,919	-	43,581,231
Hedged equities	-	13,489,781	12,023,154	25,512,935
Absolute return	-	6,847,208	26,115,583	32,962,791
Real assets	-	6,306,230	7,584,329	13,890,559
Investment assets held In trust	-	-	4,000,962	4,000,962
Total long-term assets	53,610,423	59,209,704	49,724,028	162,544,155
Total assets	$ 69,584,188	$ 59,209,704	$ 49,724,028	$ 178,517,920

(Continued)

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Level 1	Level 2	Level 3	Total
Current liabilities:				
Interest rate swap	$ -	$ 1,448,491	$ -	$1,448,491
Long-term liabilities:				
Interest rate swap	-	7,539,088	-	7,539,088
Total liabilities	$ -	$ 8,987,579	$ -	$ 8,987,579

April 30, 2012	Level 1	Level 2	Level 3	Total
Current assets:				
Fixed income securities	$ 19,936,585	$ -	$ -	$ 19,936,585
Equity securities	242,540	-	-	242,540
Total current assets	20,179,125	-	-	20,179,125
Long-term assets:				
Fixed income securities	6,498,140	-	-	6,498,140
Equity securities				
Large cap	12,703,830	11,301,471	-	24,005,301
Small cap	7,273,861	4,902,652	-	12,176,513
International	22,148,884	15,312,380	-	37,461,264
Hedged equities	-	9,564,148	12,894,464	22,458,612
Absolute return	-	10,488,235	22,495,915	32,984,150
Real assets	-	7,204,847	7,816,527	15,021,374
Investment assets held In trust	-	-	3,764,431	3,764,431
Total long-term assets	48,624,715	58,773,733	46,971,337	154,369,785
Total assets	$ 68,803,840	$ 58,773,733	$ 46,971,337	$ 174,548,910
Current liabilities:				
Interest rate swap	$ -	$ 1,446,050	$ -	$ 1,446,050
Long-term liabilities:				
Interest rate swap	-	10,715,394	-	10,715,394
Total liabilities	$ -	$ 12,161,444	$ -	$ 12,161,444

The table below reconciles beginning and ending balances for Level 3 assets for the periods ended June 30, 2013 and April 30, 2012:

Period Ended June 30, 2013	Hedged Equities	Absolute Return	Real Assets	Assets Held In Trust	Total
May 1, 2012	$ 12,894,464	$ 22,495,915	$ 7,816,527	$ 3,764,431	$ 46,971,337
Transfers from (to) Level 2	(2,709,035)	480,757	-	-	(2,228,278)
Purchases	-	3,500,000	1,295,509	59,025	4,854,534
(Sales)	(151,569)	(2,674,051)	(3,413,914)	(183,308)	(6,422,842)
Unrealized gains	2,001,616	2,087,302	1,225,280	360,814	5,675,012
Realized gains (losses)	(12,322)	225,660	660,927	-	874,265
June 30, 2013	$ 12,023,154	$ 26,115,583	$ 7,584,329	$ 4,000,962	$ 49,724,028

(Continued)

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Year Ended April 30, 2012	Hedged Equities	Absolute Return	Real Assets	Assets Held In Trust	Total
May 1, 2011	$ 22,145,403	$ 24,335,970	$ 5,733,391	$ 3,863,572	$ 56,078,336
Transfers to Level 2	(9,326,156)	-	-	-	(9,326,156)
Purchases	-	-	2,929,909	45,100	2,975,009
(Sales)	(59,281)	(2,385,500)	(1,293,553)	(182,253)	(3,920,587)
Unrealized gains	134,498	713,776	66,634	38,012	952,920
Realized gains (losses)	-	(168,331)	380,146	-	211,815
April 30, 2012	$ 12,894,464	$ 22,495,915	$ 7,816,527	$ 3,764,431	$ 46,971,337

Transfers between Level 3 and Level 2 are based on changes in liquidity terms for the respective investment for the periods ended June 30, 2013 and April 30, 2012 and are recognized at those dates. The realized and unrealized gains on Level 3 investments still held at June 30, 2013 were $6,549,277.

Investment Returns

Other Support, Investment Income (Loss) and Investment Income (Loss), Net of Spending Draw comprise investment returns. Investment returns for the periods ended June 30, 2013 and April 30, 2012 are summarized as follows:

	Unrestricted		Temporarily	
	Operating	Non-Operating	Restricted	Total
2013				
Interest and dividends	$ 85,845	$ 1,922,111	$ 681,537	$ 2,689,493
Net realized and unrealized gains	110,395	10,332,145	3,746,197	14,188,737
Investment expenses	-	(681,977)	(234,634)	(916,611)
Total return on investments	196,240	11,572,279	4,193,100	15,961,619
Board authorized spending draw	-	(8,342,619)	-	(8,342,619)
Total return on investments, net of spending draw	$ 196,240	$ 3,229,660	$ 4,193,100	$ 7,619,000

	Unrestricted		Temporarily	
	Operating	Non-Operating	Restricted	Total
2012				
Interest and dividends	$ 128,916	$ 1,673,387	$ 391,307	$ 2,193,610
Net realized and unrealized losses	(162,686)	(4,874,169)	(1,037,974)	(6,074,829)
Investment expenses	-	(494,737)	(122,069)	(616,806)
Total return on investments	(33,770)	(3,695,519)	(768,736)	(4,498,025)
Board authorized spending draw	-	(7,092,503)	-	(7,092,503)
Total return on investments, net of spending draw	$ (33,770)	$(10,788,022)	$ (768,736)	$(11,590,528)

(Continued)

NOTE D – ENDOWMENT

The Opera's endowment is comprised of donor-restricted funds. Related net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

The Opera has interpreted the State of Illinois' Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) 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 Opera classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment plus the original value of subsequent gifts to the permanent endowment. Accumulations to the donor-restricted permanent endowment net of Board authorized spending draws are classified as temporarily restricted net assets.

In accordance with UPMIFA, the Opera considers the following factors, among others, 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; and
- The investment policies of the Opera.

The Investment Committee of the Board of Directors establishes policies and procedures concerning the management of endowment funds. These policies establish asset classes that are deemed suitable for investment of endowment funds which currently include investments in domestic and international equities, fixed income, alternative strategies and real assets.

Endowment funds, commingled with other unrestricted funds, are managed on a total return basis taking into consideration the need to maintain the purchasing power of the managed portfolio as well as the need to support the Opera's mission.

Risk and return expectations for the managed portfolio are modeled using historical rates of return and volatility measures for various asset allocation scenarios. Investments are made in various asset classes based on policy requirements for a highly diversified portfolio in accordance with asset allocation guidelines. Actual allocations to an asset class are compared to target allocations and rebalanced as appropriate. The performance of the managed portfolio is reported on a monthly basis and the annual real return objective is 5%.

The Opera's Board of Directors has approved a spending policy which allows for the transfer of 5% of the trailing twelve quarter balance of the managed portfolio at December 31 of the previous fiscal year, including endowment balances, to be used to support operations and fund debt service for both fiscal 2013 and fiscal 2012. The spending rate approximates the return objective of the fund allowing for the preservation of purchasing power and growth of the managed portfolio through investment returns in excess of the objective and new gifts.

(Continued)

NOTE D – ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2013 and April 30, 2012:

June 30, 2013	Temporarily Restricted	Permanently Restricted	Total
Pledges receivable, net	$ -	$ 1,917,832	$ 1,917,832
Donor restricted endowment funds	18,910,141	22,688,979	41,599,120
Interfund receivable	-	13,000	13,000
Total net assets	$ 18,910,141	$ 24,619,811	$ 43,529,952

April 30, 2012	Temporarily Restricted	Permanently Restricted	Total
Pledges receivable, net	$ -	$ 29,297	$ 29,297
Donor restricted endowment funds	17,183,195	22,671,235	39,854,430
Interfund receivable	-	13,000	13,000
Total net assets	$ 17,183,195	$ 22,713,532	$ 39,896,727

Changes in endowment net assets for the periods ended June 30, 2013 and April 30, 2012:

Period Ended June 30, 2013	Temporarily Restricted	Permanently Restricted	Total
Net assets at beginning of year	$ 17,183,195	$ 22,713,532	$ 39,896,727
Investment return			
Investment income	420,195	-	420,195
Net appreciation (realized and unrealized)	3,735,700	-	3,735,700
Total investment return	4,155,895	-	4,155,895
Contributions	-	1,906,279	1,906,279
Appropriation of endowment assets for expenditures	(2,428,949)	-	(2,428,949)
Net assets at end of year	$ 18,910,141	$ 24,619,811	$ 43,529,952

Year Ended April 30, 2012	Temporarily Restricted	Permanently Restricted	Total
Net assets at beginning of year	$ 19,737,037	$ 22,691,021	$ 42,428,058
Investment return			
Investment income	253,335	-	253,335
Net depreciation (realized and unrealized)	(1,031,307)	-	(1,031,307)
Total investment return	(777,972)	-	(777,972)
Contributions	-	22,511	22,511
Appropriation of endowment assets for expenditures	(1,775,870)	-	(1,775,870)
Net assets at end of year	$ 17,183,195	$ 22,713,532	$ 39,896,727

(Continued)

NOTE D – ENDOWMENT (Continued)

The fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor requires the Opera to retain as a fund of perpetual duration. There were no deficiencies at June 30, 2013 or April 30, 2012.

NOTE E – EMPLOYEE RETIREMENT BENEFITS

Defined Contribution Pension Plan: The Opera maintains a qualified, non-contributory, defined contribution pension plan covering all full-time administrative non-union employees. Contributions to the plan are made annually based on a formula including such factors as age, salary, and length of service. Total pension expense was $451,059 and $423,109 for the periods ended June 30, 2013 and April 30, 2012, respectively.

401(k) Plan: The Opera also provides a 401(k) plan which allows eligible full-time administrative non-union employees to make elective deferrals. The Opera makes a matching contribution based on a percentage of each employee's deferral. For the periods ended June 30, 2013 and April 30, 2012, the Opera contributed $90,812 and $76,522, respectively.

Multiemployer Retirement Plans: The Opera contributes to a number of defined benefit multi-employer pension plans under the terms of collective-bargaining agreements which cover its union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following respects:

a) Assets contributed to the multi-employer 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 borne by the remaining participating employers.

c) If the Opera chooses to stop participating in any of its multi-employer plans, the Opera may be required to pay those plans an amount based on the Opera's proportionate share of unfunded vested plan benefits, referred to as a withdrawal liability.

The Opera participates in eight multi-employer defined benefit plans, two of which are material to the Opera's financial position. The Opera's participation in the plans which cover Orchestra and Stagehand employees is outlined in the following table. "EIN/Pension Plan Number" provides the Employee Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available is for the plan's year-end. The zone status is based on information that the Opera received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. "FIP/RP Status" indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. There have been no significant changes that affect the comparability of 2013 and 2012 contributions, other than the Opera's change in fiscal year.

(Continued)

NOTE E – EMPLOYEE RETIREMENT BENEFITS (Continued)

	Orchestra	Stagehands
Pension Fund	American Federation of Musicians and Employers' Pension Fund	Stagehands Local Two Retirement Plan
EIN/pension plan number	51-6120204/001	36-6099766/001
Expiration date of collective bargaining agreement	06/30/2015	06/30/2013
Opera contributions –		
Fiscal 2013	$953,664	$857,257
Fiscal 2012	$828,435	$776,454
Plan year-end of most recent Form 5500 filing	03/31/2012	12/31/2011
PPA zone status –		
Most recent year	Red	Green
Two years prior	Red	Green
FIP/RP status	Implemented	Not applicable
Surcharge imposed	Yes	No
Opera contributed more than 5% of total contributions	No	Yes

The Opera contributed a total of $72,264 and $69,913 to six other defined benefit multi-employer plans in fiscal 2013 and 2012, respectively. The Opera also contributed $872,329 and $788,209 to various defined contribution multi-employer plans in fiscal 2013 and 2012, respectively.

Severance Benefits: In addition to contributions to multiemployer retirement plans, the Opera provides severance benefits for the orchestra, chorus, production staff, and dancers. Severance benefits are based on a combination of wages, age, and length of service.

The change in benefit obligations and the funded status of the plans for the periods ended June 30, 2013 and April 30, 2012, are as follows:

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	$ 3,655,130	$ 3,215,979
Plan amendment	132,071	-
Service cost	152,658	100,598
Interest cost	183,914	165,072
Actuarial loss	251,970	515,486
Benefits paid	(335,503)	(342,005)
Benefit obligation, end of period	$ 4,040,240	$ 3,655,130
Unfunded Status		
Projected benefit obligation	$ (4,040,240)	$ (3,655,130)
Fair value of assets	-	-
Funded status	$ (4,040,240)	$ (3,655,130)

(Continued)

NOTE E – EMPLOYEE RETIREMENT BENEFITS (Continued)

The components of net periodic benefit costs for the periods ended June 30, 2013 and April 30, 2012, are as follows:

	2013	2012
Service cost	$ 152,658	$ 100,598
Interest cost	183,914	165,072
Amortization of:		
Net transition obligation	22,612	19,382
Prior service cost	(24,632)	(28,825)
Net loss (gain)	11,184	(2,865)
Net periodic benefit cost	$ 345,736	$ 253,362

Severance costs not previously recognized as a component of the periodic severance cost, but included as a cumulative separate charge to net assets for the periods ended June 30, 2013 and April 30, 2012, are as follows:

	2013	2012
Net transition obligations	$ 113,058	$ 135,670
Plan amendment	132,071	-
Prior service cost	(234,216)	(258,848)
Net actuarial loss	650,676	409,892
Net amount recognized	$ 661,589	$ 286,714

Severance costs included as a separate charge to net assets for the periods ended June 30, 2013 and April 30, 2012 consisted primarily of actuarial losses of approximately $252,000 and $515,000, respectively and amortization of plan amendments of approximately $132,000 and $12,000, respectively.

Net periodic severance cost expected to be recognized in the next fiscal year is as follows:

	2014
Service cost	$ 119,229
Interest cost	171,096
Amortization of:	
Net transition obligation	19,382
Prior service cost	(21,112)
Net gain	23,118
Net periodic benefit cost	$ 311,713

(Continued)

NOTE E – EMPLOYEE RETIREMENT BENEFITS (Continued)

The key actuarial assumptions used were:

	2013	2012
To determine benefit obligation:		
Discount rate	4.81%	4.55%
Expected rate of pay increases	2.00-2.50%	2.50%
To determine net periodic benefit:		
Discount rate	4.55%	5.60%
Expected rate of pay increases	2.50%	3.00%

Estimated benefit payments for future fiscal years are as follows:

2014	$ 350,228
2015	243,051
2016	317,028
2017	296,779
2018	412,658
2019-2022	$ 1,534,366

NOTE F – RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Restricted net assets are restricted for the following purposes:

	2013		2012	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Future operating support	$ 63,185,323	$ 24,619,811	$ 40,850,691	$ 22,713,532
Equipment	2,822,559	-	2,969,508	-
Total	$ 66,007,882	$ 24,619,811	$ 43,820,199	$ 22,713,532

Temporarily restricted net assets are released from restrictions either by the passage of time or by the fulfillment of a purpose. Restrictions released during the periods ended June 30, 2013 and April 30, 2012, are summarized as follows:

	2013	2012
Time restrictions:		
Operating support	$ 4,618,703	$ 5,632,223
Purpose restrictions:		
Operating support	9,284,500	7,746,518
Equipment	241,290	181,776
	9,525,790	7,928,294
Total	$ 14,144,493	$ 13,560,517

NOTE G – FUNDRAISING CAMPAIGNS

In November, 2005, the Board of Directors approved the establishment of a $25 million campaign, known as the Campaign for Excellence (CFE), for the purpose of supporting the operations of the Opera. Management's use of CFE proceeds is subject to the oversight of the Finance Committee and approval of the Board of Directors. Gross pledges and gifts to CFE, which do not include radio broadcast support, totaled $31.7 million at the conclusion of the campaign in early Fiscal 2008.

For the periods ended June 30, 2013 and April 30, 2012 the Board authorized a distribution of $4,823,287 and $3,745,682, respectively. Such amounts are included in net assets released from restriction and designation.

In December 2012, the Board of Directors approved the Breaking New Ground strategic plan, which laid the foundation for the Breaking New Ground (BNG) campaign. The purpose of the campaign is to support operations of the Opera, increase the endowment, and fund stage and other equipment improvements. Management's use of unrestricted BNG proceeds is subject to the oversight of the Finance Committee and approval of the Board of Directors.

NOTE H – BONDS PAYABLE

On March 1, 1994, the Illinois Development Finance Authority (the Authority) issued and sold $62.2 million aggregate principal amount of Variable/Fixed Rate Demand Revenue Bonds, Series 1994 (Lyric Opera of Chicago Project). Pursuant to a Loan Agreement dated as of February 1, 1994 between the Authority and the Opera, the Authority loaned the proceeds of the bonds to the Opera to provide funds to acquire, construct, renovate, remodel, and equip the facility used by the Opera in the production and performance of its programs, to pay interest on the bonds, and to pay certain costs incurred in connection with the issuance of the bonds. The bonds have adjustable methods of interest rate determination and interest payment. As of June 30, 2013, the bonds operated in a mode where the interest rate was established each week and interest on the bonds was payable monthly. On June 30, 2013, the interest rate was 0.07%.

The Opera has agreed to certain financial and operating covenants in an agreement with certain banks providing a credit facility (letter of credit) in the amount of $63 million which expires August 31, 2013. Under the terms of that agreement, should the bonds become unmarketable, the Opera would be required to pay off such amounts within two years. Interest on such amounts would not exceed the prime rate plus 2%. A letter of credit was renewed on June 10, 2013 and expires on August 31, 2016.

Because these bonds operate in a floating interest rate mode and are remarketed at par value weekly, their carrying values approximate fair value.

On August 18, 2008, the Illinois Finance Authority (IFA) issued a $3.5 million aggregate principal amount tax exempt Revenue Bond, Series 2008. Pursuant to the loan agreement, IFA loaned the proceeds of the bond to the Opera to provide funds to purchase, construct, and equip space for patron hospitality services, and to pay certain issuance costs incurred in connection with the issuance of the bond. The bond has a fixed interest rate of 4.8%, payable monthly.

Bond interest expense was $307,923 and $252,877 for the periods ended June 30, 2013 and April 30, 2012, respectively.

(Continued)

NOTE H – BONDS PAYABLE (Continued)

Unamortized bond issuance costs were:

	2013	2012
Deferred bond issuance costs	$ 2,347,620	$ 2,347,620
Less: accumulated amortization	1,334,954	1,245,053
Net	$ 1,012,666	$ 1,102,567

Future debt maturities are as follows:

August 1, 2018	$ 3,500,000
December 1, 2028	62,200,000
Total	$ 65,700,000

NOTE I – DERIVATIVE FINANCIAL INSTRUMENT

On May 9, 2006, the Opera entered into an interest rate swap agreement with the Bank of New York Mellon (BNYM) in order to hedge overall exposure to variable rate debt. The Opera has agreed to pay BNYM interest at a fixed rate of 3.804% with the counterparty paying the Opera a floating rate based on 67% of one-month LIBOR. The interest rate swap agreement has a notional amount of $40 million and expires December 1, 2028, and has no requirements for collateral posting. The Opera may terminate the interest rate swap early.

Summary information about the interest rate swap agreement as of June 30, 2013 and April 30, 2012 is as follows:

	2013	2012
Weighted average pay rates (fixed)	3.804%	3.804%
Weighted average one-month LIBOR (variable)	0.216%	0.239%

The interest rate swap is recorded at fair value as a liability on the statement of financial position. Interest expense, settled on a net basis, was $1,707,715 and $1,458,886 for the periods ended June 30, 2013 and April 30, 2012, respectively.

NOTE J – COMMITMENTS

Contracts with Performers and Unions: Future commitments to principal artists are approximately $5.7 million in 2013-14; $4.5 million in 2014-15; $3.3 million in 2015-16; $3.2 million in 2016-17 and $0.4 million in 2017-18.

The Opera has approximately $1.4 million in outstanding commitments related to new productions and rental costs, and certain capital acquisitions.

(Continued)

NOTE J – COMMITMENTS (Continued)

The Opera has collective bargaining agreements with numerous unions. Contracts with the American Guild of Musical Artists, which represents principal artists, choristers, ballet, and production staff, the Chicago Federation of Musicians, which represents the orchestra, and the International Alliance of Theatrical Stage Employees (IATSE), which represents stagehands, expire June 30, 2015, June 30, 2015, and June 30, 2013, respectively. Negotiations for new collective bargaining agreements between IATSE and the Opera were finalized in August 2013, with the new contract expiring June 30, 2018.

The Opera has personal service contracts with six individuals through June 30, 2021.

NOTE K – RELATED PARTIES, CONFLICTS OF INTEREST AND CODE OF CONDUCT

The Opera maintains a Conflict of Interest Policy which applies to all Directors, officers of auxiliary organizations authorized by the Opera as well as senior management and other designated members of staff. The Policy requires each person to whom the policy applies complete an annual disclosure statement which identifies a business or financial interest related to that person and which is planning to engage in a business transaction with the Opera or has engaged in a business transaction with the Opera during the preceding year.

The Policy forbids such individuals from voting on or using their personal influence in connection with such transactions. In the event the Opera does conduct business with a related party, the financial terms of those relationships are reported annually to the Audit Committee, whose members must be independent per the terms of its charter.

The Opera requires each Administrative employee to conduct themselves in accordance with the Code of Business Conduct and Ethics approved by the Opera's Board of Directors and to sign an annual statement acknowledging their understanding of this Code.

NOTE L – SUBSEQUENT EVENT

Management has performed an analysis of the activities and transactions subsequent to June 30, 2013, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the period ended June 30, 2013. Management has performed their analysis through October 8, 2013, the date the financial statements were issued, and has determined that other than the new collective bargaining agreement described in Note J, there are no subsequent events to disclose. Activities subsequent to this date have not been evaluated by management.

SUPPLEMENTAL SCHEDULES

LYRIC OPERA OF CHICAGO
SUPPLEMENTAL SCHEDULE
STATEMENTS OF OPERATING ACTIVITIES
For the Years Ended April 30, 2013 and April 30, 2012

	(Unaudited) 2013	2012
Changes in Unrestricted Net Assets		
Operating		
Revenue and Support		
Revenue		
Ticket Sales	$ 22,826,105	$ 25,029,859
Spending Draw	7,128,449	7,092,503
Investment Income (Loss)	206,676	(33,770)
Other Operating Revenue	3,188,519	3,663,518
Total Revenue	33,349,749	35,752,110
Support		
Contributions and Fundraising Revenue, net	11,816,377	11,943,860
Net Assets Released from Restriction and Designation	14,258,965	12,695,947
Total Support	26,075,342	24,639,807
Total Operating Revenue and Support	59,425,091	60,391,917
Expenses		
Artistic, Production and Promotional	50,864,671	51,775,108
Administration	5,644,454	5,760,873
Development	2,915,966	2,855,936
Total Expenses	59,425,091	60,391,917
Change in Operating Net Assets	$ -	$ -

LYRIC OPERA OF CHICAGO
SUPPLEMENTAL SCHEDULE
STATEMENT OF ACTIVITIES – COLUMN FORMAT
For the Fourteen Months Ended June 30, 2013 and the Year ended April 30, 2012

	Fourteen Months Ended June 30, 2013						12 Months Ended April 30, 2012
	Unrestricted			Temporarily	Permanently		
	Operating	Other	Total	Restricted	Resticted	Total	Total
Revenue and Support							
Revenue							
Ticket Sales	$ 26,671,273	$ -	$ 26,671,273	$ -	$ -	$ 26,671,273	$ 25,029,859
Spending Draw	8,342,619	-	8,342,619	-	-	8,342,619	7,092,503
Investment Income (Loss), net of Spending Draw	196,240	3,229,660	3,425,900	4,193,100	-	7,619,000	(11,590,528)
Other	3,672,271	8,313	3,680,584	-	-	3,680,584	3,775,727
Total Revenue	38,882,403	3,237,973	42,120,376	4,193,100	-	46,313,476	24,307,561
Support							
Contributions and Fundraising Revenue, net	14,602,194	620,303	15,222,497	32,139,076	1,906,279	49,267,852	23,629,847
Net Assets Released from Restriction and Designation	14,804,905	(660,412)	14,144,493	(14,144,493)	-	-	-
Unrealized Gain (Loss) on Interest Rate Swap	-	3,173,866	3,173,866	-	-	3,173,866	(5,617,438)
Total Support	29,407,099	3,133,757	32,540,856	17,994,583	1,906,279	52,808,280	18,540,203
Total Operating Revenue and Support	68,289,502	6,371,730	74,661,232	22,187,683	1,906,279	99,121,756	42,847,764
Expenses							
Artistic, Production, and Promotional	58,200,440	3,897,144	62,097,584	-	-	62,097,584	55,197,449
Administration	6,703,088	99,460	6,802,548	-	-	6,802,548	5,962,419
Development	3,385,974	238,961	3,624,935	-	-	3,624,935	2,958,728
Total Expenses	68,289,502	4,235,565	72,525,067	-	-	72,525,067	64,118,595
Change in Net Assets	-	2,136,165	2,136,165	22,187,683	1,906,279	26,230,127	(21,270,831)
Net Assets at Beginning of Year			92,925,546	43,820,199	22,713,532	159,459,277	181,257,902
Net Assets at End of Year			$ 95,061,711	$ 66,007,882	$ 24,619,811	$ 185,689,404	$ 159,987,071