

**TABOR OPERA HOUSE
PRESERVATION FOUNDATION, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021



TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.

FINANCIAL STATEMENTS DECEMBER 31, 2021

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Independent Auditors' Report

To the Board of Directors
Tabor Opera House Preservation Foundation Inc.
Leadville, Colorado

Opinion

We have audited the financial statements of Tabor Opera House Preservation Foundation, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2021, and the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Tabor Opera House Preservation Foundation, Inc., as of December 31, 2021, and the related statement of activities and changes in net assets, cash flows and functional expenses 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibility section of our report. We are required to be independent of Lutheran Outdoor Ministries of the Rockies, Incorporated 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 these financial statements in accordance with accounting practices 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.

Auditors' 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 assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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.

Tabor Opera House Preservation Foundation, Inc.
Independent Auditors' Report

- 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 Tabor Opera House Preservation Foundations 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 Tabor Opera House Preservation 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.

Lathrop & Associates, CPA

Lathrop & Associates, CPA
Edwards, Colorado
June 27, 2022

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 245,622	\$ 4,714	\$ 250,336
Accounts receivable	2,187	-	2,187
Prepaid expenses	1,255	-	1,255
Deposits	2,692	-	2,692
Due to fund	-	115,999	115,999
Property and equipment, net	2,029,563	-	2,029,563
Total assets	<u>2,281,318</u>	<u>120,713</u>	<u>2,402,031</u>
Total Assets	<u>\$ 2,281,318</u>	<u>\$ 120,713</u>	<u>\$ 2,402,031</u>
Liabilities and Net Assets:			
Liabilities			
Accounts payable	\$ 10,186	\$ -	\$ 10,186
Accrued expenses	545	-	545
Deferred grant revenue	-	50,001	50,001
Due from fund	115,999	-	115,999
Total liabilities	<u>126,730</u>	<u>50,001</u>	<u>176,731</u>
Net Assets			
Without donor restrictions	2,154,589	-	2,154,589
With donor restrictions	-	70,712	70,712
Total net assets	<u>2,154,589</u>	<u>70,712</u>	<u>2,225,301</u>
Total liabilities and net assets	<u>\$ 2,281,318</u>	<u>\$ 120,713</u>	<u>\$ 2,402,031</u>

The accompanying footnotes are an integral part of these financial statements.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Donations	\$ 102,383	\$ -	\$ 102,383
Grants	94,866	855,946	950,812
Tours	12,105	-	12,105
Merchandise sales, net (cost of sales \$1,402)	3,158	-	3,158
Other Income	154	-	154
Released from restrictions	841,736	(841,736)	-
Total Revenues	1,054,402	14,210	1,068,612
Operating Expenses:			
Advertising and promotion	5,919	-	5,919
Bad debt expense	13,713	-	13,713
Depreciation expense	59,506	-	59,506
Facilities & equipment	9,904	-	9,904
Fundraising	1,067	-	1,067
Insurance	11,329	-	11,329
Miscellaneous expense	2,340	-	2,340
Office expense	10,870	-	10,870
Payroll expenses	2,385	-	2,385
Professional fees	6,150	-	6,150
Project expense	31,314	-	31,314
Salaries and wages	31,180	-	31,180
Supplies	1,013	-	1,013
Total Operating Expenses	186,690	-	186,690
Net Operating Surplus	867,712	14,210	881,922
Change In Net Assets	867,712	14,210	881,922
Net Assets- Beginning of Year	1,286,877	56,502	1,343,380
Net Assets- End of Year	\$ 2,154,589	\$ 70,712	\$ 2,225,301

The accompanying footnotes are an integral part of these financial statements.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Cash Flows From Operating Activities			
Cash received from donations	\$ 102,383	-	\$ 102,383
Cash received from grants and fundraising	44,966	905,946	950,912
Cash received from tours	12,105	-	12,105
Cash received from sales and other income	14,214	-	14,214
Cash paid to and for employees	(33,565)	-	(33,565)
Cash paid for supplies and operations	(72,791)	-	(72,791)
Cash paid for office expenses	(10,869)	-	(10,869)
Amounts released from restrictions	841,736	(841,736)	-
Net Cash Provided by (Used by) Operating Activities	<u>898,179</u>	<u>64,210</u>	<u>962,389</u>
Cash Flows From Investing Activities:			
Leasehold improvements	(836,582)	-	(836,582)
Net Cash Used By Investing Activities	<u>(836,582)</u>	<u>-</u>	<u>(836,582)</u>
Cash Flows From Financing Activities:			
Change in intercompany fund balances	115,998	(115,998)	-
Net Cash Provided By (Used by) Financing Activities	<u>115,998</u>	<u>(115,998)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	177,595	(51,788)	125,807
Cash and Cash Equivalents - Beginning of Year	<u>68,027</u>	<u>56,502</u>	<u>124,529</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 245,622</u></u>	<u><u>\$ 4,714</u></u>	<u><u>\$ 250,336</u></u>

The accompanying footnotes are an integral part of these financial statements.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	General and Administrative	Fundraising	Total
Advertising and promotion	\$ 5,919	\$ -	\$ -	\$ 5,919
Bad debt expense	13,713	-	-	13,713
Depreciation	53,555	5,951	-	59,506
Fundraising expense	-	-	1,067	1,067
Insurance	10,197	1,133	-	11,329
Miscellaneous expense	2,188	152	-	2,340
Occupancy	8,914	990	-	9,904
Office expenses	9,783	1,087	-	10,870
Payroll taxes and benefits	2,385	-	-	2,385
Professional fees	-	6,150	-	6,150
Repairs and maintenance	28,183	3,131	-	31,314
Salaries and wages	31,180	-	-	31,180
Supplies	1,013	-	-	1,013
Total Expenses	\$ 167,028	\$ 18,595	\$ 1,067	\$ 186,690

The accompanying footnotes are an integral part of these financial statements.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. ORGANIZATION

Tabor Opera House Preservation Foundation, Inc. ("the Organization" or "Foundation") was incorporated in the State of Colorado as a non-profit corporation on August 26, 2004.

The Organization's purpose is to foster the preservation and restoration of the Tabor Opera House in Leadville, Colorado, and operate the Opera House as a community cultural arts center for the benefit of the city. The Foundation raises funds to facilitate the full rehabilitation of the Opera House and finance additional improvements to the building so that it will be a viable place of entertainment and commerce in the city for generations to come. The Organization is supported primarily through government and foundation grants, contributions, and performance fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Presentation of Statements and Net Assets

The Organization presents its financial statements according to generally accepted accounting principles for not-for-profit organizations and classifies its revenues and net assets in accordance with donor-imposed restrictions. Net assets are classified, according to donor intentions, as Without Donor Restrictions and With Donor Restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of donor intentions with respect to time and purpose.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to either:

- a. donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- b. Net assets subject to donor-imposed stipulation that they be maintained permanently by the Organization, such as an Endowment Fund.

Measure of Operations:

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, operating costs have been allocated among program services, general and administrative expenses, and fundraising activities. Such allocations are determined by management on an equitable basis.

Cash and Cash Equivalents

All checking accounts and short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date of less than three months.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries, payroll taxes and benefits	Time and Effort
Depreciation	Square footage
Administration	Time and Effort
Advertising and promotion	Time and Effort
Insurance	Full Time Equivalent
Occupancy	Full Time Equivalent
Office expenses	Full Time Equivalent
Supplies	Full Time Equivalent
Professional fees	Full Time Equivalent
Bad debt expense	Full Time Equivalent
Fundraising	Time and Effort

Support and Revenue

The Organization is supported primarily through government and foundation grants and donor contributions. Unconditional Promises to give that are expected to be collected in future years are measured at fair value using the present value of their estimated future cash flows. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and accepted as such by the Organization with written documentation of the restrictions. Amounts received that are restricted for future periods or for specific purposes are reported as items with donor restrictions. When a restriction expires (a time restriction ends or a purpose restriction is accomplished), the restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give (pledges) are recorded as received. Unconditional promises to give which are due in the next year are reflected as current promises to give when the promise is made and are recorded at their net realizable value. Unconditional promises to give which are due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are to be received to discount these amounts.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished, the restricted net assets are reclassified to assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Bad Debt Expense

The Organization's accounts receivable are stated at unpaid balances. Bad debt expense for the year ended December 31, 2021 was \$13,713.

Management reviewed receivables and noted that there were various receivable balances which were outstanding for a significant amount of time; and ultimately deemed uncollectible. As such, these amounts were written off as of December 31, 2021.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment

The Organization's property improvements and other property and equipment are capitalized at cost or fair market value at date of purchase or donation and depreciated over their estimated useful lives using the straight-line method of depreciation.

Fixed assets are depreciated on a straight-line basis over the following useful lives:

- Artifacts – non-depreciable
- Computer equipment – 5 years
- Equipment - 10 years
- Projects – 25 years
- Leasehold improvements - 50 years

Property and equipment comprised of the following as of December 31, 2021:

Artifacts	\$ 200,000
Computer equipment	1,184
Equipment	13,785
Projects	100,570
Leasehold improvements	1,797,485
Property and equipment	<u>2,113,024</u>
Less: Accumulated depreciation	<u>(83,461)</u>
Total property and equipment	<u>\$ 2,029,563</u>

The depreciation expense for the year ended December 31, 2021 was \$59,506.

Deferred Grant Revenue

Deferred grant revenue represents conditional grants received in the current year, but the conditional grant requirements had not yet been satisfied as of December 31, 2021.

Tax Status

The Organization is exempt from federal and state income taxes under I.R.C. Section 501(c) (3). The Organization complies with *Accounting for Uncertainty in Income Taxes* standard, as required by generally accepted accounting principles. Accordingly, management has evaluated its tax positions and has concluded that the Organization has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment or disclosure in its financial statements. The Organization does not expect that the amounts of unrecognized tax transactions will change significantly within the next twelve months. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal or state tax authorities for years before 2017.

Use of Estimates

The preparation of financial statements to conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. At times, the Organization's aggregate cash and cash equivalents in any one financial institution may exceed federally insured limits.

TABOR OPERA HOUSE PRESERVATION FOUNDATION, INC.
(A COLORADO NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. PLEDGES RECEIVABLE

The Organization had no pledges receivable at December 31, 2021.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, 2021, the Organization had the following liquid assets:

- Cash and cash equivalent balances of \$250,336 of which \$245,622 was considered unrestricted.
- Accounts receivable of \$2,187.
- Total unrestricted liquid assets were \$252,523 as of December 31, 2021.
- Accrued expenses and deferred grant revenue was \$60,732.
- Net liquid assets available for use was \$191,791 as of December 31, 2021.
- The Organization had an operating surplus of \$881,922 for the year ended December 31, 2021.

The Organization relies heavily on grants and donations to fund its operations as tours and merchandise sales do not fund all operating costs on an annual basis.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions as of December 31, 2021 were as follows:

Capital Campaign Feasibility Study - Freeport McMoRan Foundation	\$ 17,500
Rehabilitation – Freeport McMoRan Foundation	50,000
Climax Heater Project Remaining	<u>3,212</u>
Net Assets - With Donor Restrictions	<u>\$ 70,212</u>

7. LEASES

The Opera House land and building are owned by the city of Leadville and are leased to the Organization. Effective May 1, 2017, the Organization entered into a lease agreement (“Agreement”) with the city of Leadville. The terms of this Agreement stipulate a period of fifty (50) years, beginning on the effective date and ending on May 1, 2067.

Future rent payments are as follows: The Foundation shall pay the City of Leadville rent of 1 dollar per year, payable in a lump sum payment of fifty dollars (\$50), which shall be paid in full to the city of Leadville within thirty days of the effective date. As such, there are no rent expenses reflected on the Statement of Activity, as this obligation was completed in 2017.

8. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued. No events or transactions were noted that would have a material effect on the financial statements and therefore require adjustment or disclosure in the statements.