

Has the “fat lady” sung for the New York City Opera?

by Levitt & Slafkes, P.C. on October 16, 2013



Seventy years ago the New York City Opera was founded. After working to bring opera to the public, it recently was forced to file a Chapter 11 bankruptcy case. Apparently the Opera's last-ditch effort to raise \$7 million fell short.

The opera company claimed it has assets worth \$7.7 million and liabilities of \$5.6 million. It is noteworthy that the assets include the remainder of its endowment and pledges that have not yet been received.

So, what went wrong? The opera's filings claim that it had a deficit of \$44 million as of 2012. Its endowment has decreased from \$55 million to approximately \$4.5 million. In addition to the opera's liquidity issues, it also had overwhelming pension obligations. The pension is listed as the opera's largest creditor.

The second largest creditor of the opera is the New York City Ballet, which has an approximately \$1.6 million claim. This claim is related to the ballet company's departure from the performance space the two entities once shared. Other listed creditors include former chorus members, landlords and the musicians' health benefits fund.

What about the ticket-holders? The opera is requesting permission from the bankruptcy court to provide refunds to people who purchased tickets to the productions that they have now canceled. It is estimated to be \$323,000 that would need to be refunded.

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