

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Financial Statements
December 31, 2024 and 2023
With Independent Auditor's Report

Goodspeed Opera House Foundation, Inc. and Subsidiary
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Independent Auditor's Report

To the Board of Trustees of
Goodspeed Opera House Foundation, Inc. and Subsidiary:

Opinion

We have audited the consolidated financial statements of Goodspeed Opera House Foundation, Inc. (the "Organization") and Goodspeed Restaurant, Inc. (the "Subsidiary"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization and Subsidiary as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated 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 consolidated 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 consolidated 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 Organization and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization and Subsidiary'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.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'.

November 3, 2025

Goodspeed Opera House Foundation, Inc.
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 65,709	\$ 541,044	\$ 606,753	\$ 176,497	\$ 374,967	\$ 551,464
Accounts receivable	105,068	-	105,068	123,413	-	123,413
Employee retention tax credit receivable	324,923	-	324,923	324,923	-	324,923
Unconditional promises to give	284,736	279,854	564,590	60,317	15,000	75,317
Prepaid expenses	377,179	-	377,179	305,094	-	305,094
Inventory	93,332	-	93,332	82,172	-	82,172
Total current assets	1,250,947	820,898	2,071,845	1,072,416	389,967	1,462,383
Investments	10,084,991	8,311,847	18,396,838	13,160,800	7,210,785	20,371,585
Restricted cash	214,673	-	214,673	155,587	-	155,587
Restricted investment	668,106	-	668,106	641,051	-	641,051
Unconditional promises to give, net of current portion	-	602,126	602,126	-	-	-
Property and equipment, at cost, net of accumulated depreciation	10,029,211	-	10,029,211	10,028,232	-	10,028,232
Total assets	<u>\$ 22,247,928</u>	<u>\$ 9,734,871</u>	<u>\$ 31,982,799</u>	<u>\$ 25,058,086</u>	<u>\$ 7,600,752</u>	<u>\$ 32,658,838</u>
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	\$ 794,683	\$ -	\$ 794,683	\$ 793,623	\$ -	\$ 793,623
Loan payable, current portion	9,671	-	9,671	7,639	-	7,639
Advance subscriptions	1,511,427	-	1,511,427	1,215,155	-	1,215,155
Deferred revenue	35,072	-	35,072	87,933	-	87,933
Gift annuity obligations	-	8,158	8,158	-	5,617	5,617
Unredeemed gift certificates	660,080	-	660,080	670,990	-	670,990
Deferred compensation plan payable	273,975	-	273,975	122,684	-	122,684
Total current liabilities	3,284,908	8,158	3,293,066	2,898,024	5,617	2,903,641
Loan payable, net of current portion	138,536	-	138,536	142,361	-	142,361
Deferred compensation plan payable, net of current portion	394,131	-	394,131	518,367	-	518,367
Gift annuity obligations, net of current portion	-	25,969	25,969	-	14,255	14,255
Total liabilities	<u>3,817,575</u>	<u>34,127</u>	<u>3,851,702</u>	<u>3,558,752</u>	<u>19,872</u>	<u>3,578,624</u>
Net assets						
Without donor restrictions						
Property and equipment, net	10,029,211	-	10,029,211	10,028,232	-	10,028,232
Board designated - general fund	8,401,142	-	8,401,142	11,471,102	-	11,471,102
Total without donor restrictions	18,430,353	-	18,430,353	21,499,334	-	21,499,334
With donor restrictions	-	9,700,744	9,700,744	-	7,580,880	7,580,880
Total net assets	<u>18,430,353</u>	<u>9,700,744</u>	<u>28,131,097</u>	<u>21,499,334</u>	<u>7,580,880</u>	<u>29,080,214</u>
Total liabilities and net assets	<u>\$ 22,247,928</u>	<u>\$ 9,734,871</u>	<u>\$ 31,982,799</u>	<u>\$ 25,058,086</u>	<u>\$ 7,600,752</u>	<u>\$ 32,658,838</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities						
Public support and other revenue						
Public support						
Membership	\$ 518,775	\$ 854,915	\$ 1,373,690	\$ 482,001	\$ 839,584	\$ 1,321,585
Contributions of financial assets	1,025,762	339,302	1,365,064	924,270	181,795	1,106,065
Government grants	36,094	-	36,094	207,125	-	207,125
Contributions of non-financial assets	95,623	-	95,623	83,724	-	83,724
Special events, net of direct costs of \$102,369 (2024) and \$69,456 (2023)	154,359	-	154,359	242,892	-	242,892
Spending appropriations	323,376	-	323,376	312,845	-	312,845
Allocation from board-designated general fund	3,406,000	-	3,406,000	840,000	-	840,000
Gift annuities	-	21,730	21,730	-	19,997	19,997
Net assets released from restriction						
Membership	839,584	(839,584)	-	889,250	(889,250)	-
Contributions	188,295	(188,295)	-	113,361	(113,361)	-
	<u>6,587,868</u>	<u>188,068</u>	<u>6,775,936</u>	<u>4,095,468</u>	<u>38,765</u>	<u>4,134,233</u>
Other revenue						
Admissions	6,441,353	-	6,441,353	6,291,038	-	6,291,038
Rental income	318,486	-	318,486	175,293	-	175,293
Enhancement income	304,500	-	304,500	1,159,931	-	1,159,931
Royalties	271,673	-	271,673	193,618	-	193,618
Concession, net of cost of goods sold of \$111,413 (2024) and \$90,852 (2023)	183,690	-	183,690	109,517	-	109,517
Theatre tours events, net of expenses \$333,600 (2024) and \$430,518 (2023)	117,076	-	117,076	97,023	-	97,023
Miscellaneous income	33,471	-	33,471	15,498	-	15,498
	<u>14,258,117</u>	<u>188,068</u>	<u>14,446,185</u>	<u>12,137,386</u>	<u>38,765</u>	<u>12,176,151</u>
Total public support and other revenue						
Expenses						
Program services	13,532,442	-	13,532,442	11,839,114	-	11,839,114
Supporting services	1,955,373	-	1,955,373	2,057,199	-	2,057,199
	<u>15,487,815</u>	<u>-</u>	<u>15,487,815</u>	<u>13,896,313</u>	<u>-</u>	<u>13,896,313</u>
Total expenses						
Changes in net assets before non-operating activities	(1,229,698) *	188,068	(1,041,630)	(1,758,927) *	38,765	(1,720,162)

* Includes depreciation expense of \$498,057 (2024) and \$497,355 (2023).

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Non-operating activities						
Investment return, net	1,488,419	532,455	2,020,874	2,126,257	712,857	2,839,114
Spending appropriations	-	(323,376)	(323,376)	-	(312,845)	(312,845)
Capital contributions	-	1,602,829	1,602,829	74,756	21,970	96,726
Government grants	43,325	119,888	163,213	43,325	178,073	221,398
Reimbursed damages (flood insurance)	34,973	-	34,973	-	-	-
Allocation from board-designated general fund	(3,406,000)	-	(3,406,000)	(840,000)	-	(840,000)
Employee retention tax credit income	-	-	-	324,923	-	324,923
Net assets released from restriction	-	-	-	30,000	(30,000)	-
Total net non-operating activities	<u>(1,839,283)</u>	<u>1,931,796</u>	<u>92,513</u>	<u>1,759,261</u>	<u>570,055</u>	<u>2,329,316</u>
Changes in net assets	(3,068,981)	2,119,864	(949,117)	334	608,820	609,154
Net assets						
Beginning of year	<u>21,499,334</u>	<u>7,580,880</u>	<u>29,080,214</u>	<u>21,499,000</u>	<u>6,972,060</u>	<u>28,471,060</u>
End of year	<u>\$ 18,430,353</u>	<u>\$ 9,700,744</u>	<u>\$ 28,131,097</u>	<u>\$ 21,499,334</u>	<u>\$ 7,580,880</u>	<u>\$ 29,080,214</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

		Supporting Services			Cost of Direct	
	Program Services	Management and General	Fundraising	Total	Benefit to Donors	Total Expenses
Salaries	\$ 6,986,461	\$ 216,401	\$ 431,100	\$ 647,501	\$ 5,408	\$ 7,639,370
Benefits and payroll taxes	1,394,485	122,245	73,644	195,889	414	1,590,788
Artistic and professional fees	612,791	377,287	47,606	424,893	-	1,037,684
Dues and subscriptions	7,297	41,351	4,714	46,065	-	53,362
Conferences, meetings and events	304,217	48,155	182,436	230,591	3,428	538,236
Education and events	52,837	-	41,879	41,879	37,995	132,711
Advertising, promotion and public relations	804,747	-	52,368	52,368	-	857,115
Production expense	1,221,603	-	13,277	13,277	48,121	1,283,001
Insurance	390,486	27,253	39,048	66,301	-	456,787
Utilities	387,286	27,099	38,828	65,927	-	453,213
Maintenance	345,954	23,546	33,737	57,283	-	403,237
Security	5,532	-	-	-	-	5,532
Concessions cost of goods sold	111,413	-	-	-	-	111,413
Performance rights and royalties	221,462	-	-	-	-	221,462
Office supplies	31,865	1,474	6,875	8,349	-	40,214
Computer expense	95,737	2,660	12,505	15,165	-	110,902
Telephone, cable and internet	80,735	162	233	395	-	81,130
Postage, printing and reproduction	57,786	47,276	15,826	63,102	-	120,888
Real estate taxes	32,636	2,572	-	2,572	-	35,208
Bank fees and interest	2,041	79,575	-	79,575	-	81,616
Travel, meals and entertainment	23,874	968	188,735	189,703	1,611	215,188
Miscellaneous	44,267	-	18,424	18,424	5,392	68,083
Depreciation	428,343	28,656	41,058	69,714	-	498,057
Total expenses	13,643,855	1,046,680	1,242,293	2,288,973	102,369	16,035,197
Less: Expenses included with revenues on the consolidated statement of activities						
Concession cost of goods sold	(111,413)	-	-	-	-	(111,413)
Theatre tours events expenses	-	-	(333,600)	(333,600)	-	(333,600)
Direct costs of special events	-	-	-	-	(102,369)	(102,369)
	<u>\$ 13,532,442</u>	<u>\$ 1,046,680</u>	<u>\$ 908,693</u>	<u>\$ 1,955,373</u>	<u>\$ -</u>	<u>\$ 15,487,815</u>

The Notes to Financial Statements are an integral part of this statement.

Goodspeed Opera House Foundation, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

		Supporting Services			Cost of Direct	
	Program Services	Management and General	Fundraising	Total	Benefit to Donors	Total Expenses
Salaries	\$ 5,553,236	\$ 318,453	\$ 618,176	\$ 936,629	\$ 6,536	\$ 6,496,401
Benefits and payroll taxes	1,246,828	30,891	47,095	77,986	3,072	1,327,886
Artistic and professional fees	773,643	383,742	38,618	422,360	-	1,196,003
Dues and subscriptions	18,915	28,316	1,822	30,138	-	49,053
Conferences, meetings and events	353,041	42,001	252,401	294,402	-	647,443
Education and events	90,154	-	55,604	55,604	-	145,758
Advertising, promotion and public relations	754,926	-	59,208	59,208	-	814,134
Production expense	1,158,423	-	2,820	2,820	34,022	1,195,265
Insurance	329,912	18,893	37,063	55,956	-	385,868
Utilities	379,896	21,829	42,822	64,651	-	444,547
Maintenance	294,615	15,729	30,855	46,584	-	341,199
Security	4,761	-	-	-	-	4,761
Concessions cost of goods sold	90,852	-	-	-	-	90,852
Performance rights and royalties	159,337	-	-	-	-	159,337
Office supplies	35,508	3,768	13,515	17,283	2,173	54,964
Computer expense	50,400	3,061	15,836	18,897	-	69,297
Telephone, cable and internet	76,819	203	414	617	-	77,436
Postage, printing and reproduction	40,706	67,062	13,675	80,737	-	121,443
Real estate taxes	32,573	2,239	-	2,239	-	34,812
Bank fees and interest	1,003	15,927	-	15,927	-	16,930
Travel, meals and entertainment	23,085	-	177,897	177,897	23,653	224,635
Bad debt expense	-	-	30,000	30,000	-	30,000
Miscellaneous	34,469	-	27,291	27,291	-	61,760
Depreciation	426,864	23,801	46,690	70,491	-	497,355
Total expenses	11,929,966	975,915	1,511,802	2,487,717	69,456	14,487,139
Less: Expenses included with revenues on the consolidated statement of activities						
Concession cost of goods sold	(90,852)	-	-	-	-	(90,852)
Theatre tours events expenses	-	-	(430,518)	(430,518)	-	(430,518)
Direct costs of special events	-	-	-	-	(69,456)	(69,456)
	<u>\$ 11,839,114</u>	<u>\$ 975,915</u>	<u>\$ 1,081,284</u>	<u>\$ 2,057,199</u>	<u>\$ -</u>	<u>\$ 13,896,313</u>

The Notes to Financial Statements are an integral part of this statement.

Goodspeed Opera House Foundation, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Changes in net assets	\$ (949,117)	\$ 609,154
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	498,057	497,355
Bad debt expense	-	30,000
Net loss on gift annuity obligations	1,391	1,904
Realized (gain) loss on sale of investments and donated securities	(898,672)	91,749
Unrealized gain on investments and donated securities	(315,987)	(2,341,181)
Unrealized gain on deferred compensation plan	(49,869)	(61,672)
Endowment contributions	(22,525)	(18,000)
Contributions for capital	(1,602,829)	-
Change in present value and allowance for uncollectible promises to give	47,774	9,620
Changes in assets and liabilities:		
Accounts receivable	18,345	(63,454)
Employee retention tax credit receivable	-	(324,923)
Unconditional promises to give	(240,193)	16,540
Prepaid expenses	(72,085)	45,688
Inventory	(11,160)	(42,659)
Accounts payable and accrued expenses	1,060	(113,863)
Advance subscriptions	296,272	(1,290)
Deferred revenue	(52,861)	75,078
Unredeemed gift certificates	(10,910)	(310,878)
Deferred compensation plan payable	27,055	244,797
Net cash used in operating activities	<u>(3,336,254)</u>	<u>(1,656,035)</u>
Investing activities		
Purchase of property and equipment	(499,036)	(140,822)
Purchase of investments	(2,337,551)	(4,316,782)
Proceeds from sales of investments	5,526,957	5,023,639
Contributions to deferred compensation plan	(41,250)	(183,125)
Disbursement from deferred compensation plan	64,064	-
Net cash provided by investing activities	<u>2,713,184</u>	<u>382,910</u>
Financing activities		
Annuity payments	(7,136)	(9,233)
Annuity contributions	20,000	-
Endowment contributions	22,525	18,000
Proceeds from contributions for capital	703,849	-
Principal payments on loans payable	(1,793)	-
Net cash provided by financing activities	<u>737,445</u>	<u>8,767</u>
Net change in cash, cash equivalents and restricted cash	114,375	(1,264,358)
Cash, cash equivalents and restricted cash		
Beginning of year	<u>707,051</u>	<u>1,971,409</u>
End of year	<u>\$ 821,426</u>	<u>\$ 707,051</u>
Supplemental disclosure		
Interest paid	<u>\$ 81,615</u>	<u>\$ 10,201</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc.
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies

a. Organization

The mission of Goodspeed Opera House Foundation, Inc. (the "Organization") is to share the joy of musical theatre; to delight, inspire, and challenge audiences; to nurture creators; and to build and support a broad, diverse, and inclusive community.

b. Principles of Consolidation

The accompanying consolidated financial statements include Goodspeed Opera House Foundation, Inc. and its wholly owned subsidiary, Goodspeed Restaurant, Inc. (the "Subsidiary"). The Subsidiary was formed in 1994 as a Connecticut corporation to provide restaurant and hotel services for the patrons of the Organization and the community. All intercompany transactions have been eliminated in consolidation.

c. Basis of Accounting

The consolidated financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Organization and Subsidiary's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions: Include expendable resources that are used to carry out the Organization and Subsidiary's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization and Subsidiary or may be limited by contractual agreements. In addition, net assets without donor restrictions include board designated endowment funds and property and equipment used in operations.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of the Organization and Subsidiary or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization and Subsidiary, including gifts and promises to give wherein donors stipulate that the corpus of the gift to be held in perpetuity and that only the income may be made available for operations, subject to the Organization and Subsidiary's spending policy. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

d. Measure of Operations

The Organization and Subsidiary include in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment return appropriated for operations. This measure of operations provides a presentation that depicts the matter in which the Organization and Subsidiary manage their financial activities. Investment return, including interest and dividends, net realized and unrealized gains and losses, in excess of (or less than) the Organization and Subsidiary's authorized investment return appropriated for operations, capital contributions and grants, employee retention credits, certain government grants and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as nonoperating activities.

e. Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except those included within the investment portfolio.

f. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

Goodspeed Opera House Foundation, Inc.
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

In determining fair value, the Organization and Subsidiary use various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Quoted prices of identical instruments in active markets.

Level 2 - Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The Organization and Subsidiary's investments are valued based on the following:

Federal Money Market Funds, Mutual Funds and Investment Funds: Valued at the daily closing price as reported by the fund. Funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The funds held by the Organization are deemed to be actively traded.

U.S. and Other Bond Obligations: Bond obligations held by the Organization are valued based on quoted prices in active markets, when available, or through pricing models that incorporate observable market inputs such as yield curves, credit spreads, and benchmark interest rates. These securities are typically traded in markets that are considered active, and pricing is obtained from third-party pricing services that use standardized methodologies. The fair value of these investments reflects the market's assessment of credit risk, interest rate risk, and other relevant factors.

g. Investments

Investments in marketable securities and all debt securities are reported at their fair market value in the accompanying consolidated statements of financial position. Net investment income (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Investments received by gift are initially recorded at fair value at the date of receipt. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated statements of activities. Gains and losses on sales of investments are determined using the average cost method.

h. Unconditional Promises to Give

When estimating the fair value of unconditional promises to give, the relationships with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

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i. Property and Equipment

Property and equipment acquired are recorded at cost. It is the Organization and Subsidiary's policy to capitalize expenditures on a per project basis exceeding \$10,000. Lesser amounts are expensed. Property and equipment are being depreciated over the useful life of the related asset using the straight-line method. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization and Subsidiary report the expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization and Subsidiary reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation with respect to property and equipment has been made by the Organization and Subsidiary on the straight-line method based on the estimated useful lives of the underlying assets as follows:

	<u>Estimated Life (Years)</u>
Land	n/a
Building and improvements	4-40
Furniture, fixtures, and equipment	3-30
Vehicles	5

j. Inventory

The Organization and Subsidiary measure its inventory at the lower of cost or net realizable value. Inventory consists of all finished goods gift shop and concessions inventory. The Organization and Subsidiary also maintain scenery and costume inventories of past productions. The Organization and Subsidiary are unable to determine the future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original show. The Organization and Subsidiary have accumulated a book collection and certain artwork that has not been reflected in the consolidated financial statements since the fair market value is not determinable.

k. Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense for the years ended December 31, 2024 and 2023 was \$520,018 and \$439,938, respectively, which are included in advertising, promotion and public relations within the consolidated statements of functional expenses.

l. Production Costs

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed prior to the fiscal year end of the consolidated financial statements, all production costs have been expensed.

m. Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these consolidated financial statements include depreciation and amortization, functional allocation of expenses, fair value of investments and the net realizable value of receivables. Actual results could differ from those estimates.

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n. Tax Status and Uncertain Tax Positions

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, the states of Connecticut and New York, and has been designated as an organization which is not a private foundation. The Organization is obligated for unrelated business income tax on net income from certain activities (i.e. wardrobe rental income). As of December 31, 2024 and 2023, the Organization had approximately \$2,250,000 and \$2,000,000, respectively, in unrelated business net operating losses carried forward, which begin to expire in 2027. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

The Subsidiary is a for-profit corporation subject to federal and state income taxes on net income, if any. As of December 31, 2024 and 2023, the Subsidiary had approximately \$65,000 and \$87,000, respectively, in net operating losses carried forward, which begin to expire in 2027. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses. The Subsidiary uses the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities at currently enacted tax rates. These temporary differences primarily relate to net operating loss carryforwards available to offset future taxable income. Valuation allowances are established, if necessary, to reduce a deferred tax asset to the amount that will more likely than not be realized.

The Organization and Subsidiary believe that they have the appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. There are no income tax-related penalties and interest included in the accompanying consolidated financial statements.

o. Revenue and Support Recognition

Contributions and Promises to Give - Grants and contributions, including memberships, are recognized when cash is received or when the donor makes a promise to give to the Organization and Subsidiary that is, in substance, unconditional. Conditional grants and promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

Special Events

Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as a conditional contribution when received and reported as a refundable advance on the consolidated statements of financial position and is recognized as revenue when the condition is met, which is when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the consolidated statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

Revenue from Contracts with Customers

The Organization and Subsidiary accounts for admissions, royalties, enhancements, concessions, theatre tours events and education income as exchange transactions in the consolidated statements of activities. Revenue from contracts with customers are treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities in the consolidated statements of financial position.

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In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization and Subsidiary perform the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization and Subsidiary satisfies each performance obligation.

The following summarizes the Organization and Subsidiary's performance obligations:

Admissions

Admissions represents the sums actually paid for individual tickets of admission to a production of the Organization including handling and other fees. Tickets are non-refundable at the time of receipt unless a performance is cancelled. The Organization estimates the number of cancellations and records a reserve if deemed material. Fees are non-refundable at the time of receipt. The Organization allows for exchanges under certain circumstances for tickets of equal or lesser value. The total yearly adjustment for exchanged tickets is immaterial to the Organization. Tickets purchased in advance are recorded as contract liabilities by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Admission revenue is recognized at a specific point in time, which is when the performance related to the ticket is complete.

Enhancement Income

Enhancement income represents income received for the Organization's participation in the development of a production. The Organization receives a fixed amount of income as a reimbursement for production costs spent to develop the production. Payments received in advance for enhancement expenses are recorded as contract liabilities by the Organization. Enhancement income is recognized at a point in time, which is when the related production begins.

Other Exchange Transactions

Royalties are recognized when the performance is complete. Concession income is recognized when the sale occurs. Theatre tour events are recognized when the related tour begins. Education income is recognized over time as the program occurs.

The timing of revenue recognition, billings and cash collections results in accounts receivable and contract liabilities, which are shown as advance subscriptions, deferred revenue and unredeemed gift certificates on the consolidated statements of financial position. Accounts receivable as of December 31, 2024 and 2023 were \$105,068 and \$123,413, respectively. Contract liabilities as of December 31, 2024 and 2023 were \$2,206,579 and \$1,974,078, respectively. Accounts receivable and contract liabilities as of January 1, 2023 were \$59,959 and \$2,211,168, respectively.

Other revenues are obtained from rental income, miscellaneous, and investment income. These revenues are used to offset program, management and general and fundraising expenses. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

p. Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on the consolidated statements of activities and detailed within the consolidated statements of functional expenses. Certain costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expense includes those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization and Subsidiary. The expenses that are allocated include salaries, employee benefits, payroll taxes, office supplies, depreciation, maintenance, utilities, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

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q. Accounts Receivable and Allowance for Credit Losses

Accounts receivable are unsecured, non-interest-bearing, and due within normal payment terms. Management continually monitors accounts receivable for collectability issues and if applicable, accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management separates receivables into risk pools based on their aging.

In determining the amount of the allowance as of December 31, 2023, management developed a loss rate of each risk pool. This rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At December 31, 2023, management believes its historical loss rates for each aging category are reasonable and supportable forecasts for current and future economic and industry conditions and deemed that no allowance for credit loss was necessary and amounts are fully collectible.

In accordance with Accounting Standards Update ("ASU") 2025-05, the Organization elected the practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions under Topic 606. This expedient allows for the assumption that conditions at December 31, 2024, will remain consistent throughout the assets' lives.

The Organization also elected the accounting policy to consider cash collection activity after December 31, 2024, when estimating expected credit losses. Subsequent cash collections were evaluated through November 3, 2025, the date financial statements were available to be issued, resulting in no allowance for credit losses on the collected portion of receivables as of December 31, 2024. Remaining receivables were assessed using historical loss rates and known customer information, noting no allowance for credit loss was necessary as of December 31, 2024.

r. Recently Issued Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Organization has early adopted ASU 2025-05 prospectively as of January 1, 2024.

2. Restrictions and Designations on Net Assets

Net Assets Without Donor Restrictions

The Board of Trustees has designated net assets without restrictions as a general endowment fund to support the mission of the Organization and Subsidiary. The Organization and Subsidiary have a spending policy of appropriating for distribution each year a set amount based on the Organization and Subsidiary's current operating budget. In establishing this policy, the Organization and Subsidiary considered the long-term expected investment return on its board-designated endowment. Accordingly, over the long-term, the Organization and Subsidiary expect the current spending policy to allow its general endowment fund to grow. This is consistent with the Organization and Subsidiary's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. During the years ended December 31, 2024 and 2023, the board agreed to release \$3,406,000 and \$840,000, respectively, of investment funds towards operations. During the years ended December 31, 2024 and 2023, net investment earnings of the board designated net assets were \$1,488,419 and \$2,126,257, respectively. During the years ended December 31, 2024 and 2023, the reductions in the general endowment fund totaled \$1,152,379 and \$929,390, respectively.

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Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	2024	2023
Grants and contributions (subject to expenditure for specific purpose)		
Future periods and programs		
Membership revenue	\$ 854,915	\$ 839,584
Capital campaign (Note 8)	2,540,965	837,324
Future programs and periods	384,718	190,386
Gift annuity funds	221,182	199,452
	4,001,780	2,066,746
Less: Discount to present value	(46,774)	-
	3,955,006	2,066,746
Accumulated endowment earnings	605,560	441,595
	4,560,566	2,508,341
 Donor-designated endowments (to be held in perpetuity)		
Unrestricted use of investment income	1,400,000	1,400,000
Donor directed use of investment income		
Michael Price Endowment Fund	1,618,437	1,600,912
Musical theater education and related programs	1,705,932	1,663,893
Library	257,764	249,689
Opera House	71,000	71,000
Internships	50,000	50,000
New Works Fund	37,045	37,045
	5,140,178	5,072,539
Total net assets with donor restrictions	\$ 9,700,744	\$ 7,580,880

Endowment Policy

At the donors' request, 5% of the balances of the Musical Theater Education and Related Programs and Library funds (the "Funds") are to be distributed annually to the Organization. Any excess investment income is to be added to the Funds, with any losses reducing net assets with donor restrictions. The remaining endowments are to be distributed annually to the Organization in accordance with the board-approved spending policy, with any excess investment income to be added to net assets with donor restrictions. During the years ended December 31, 2024 and 2023, investment income on the endowments were \$532,455 and \$712,857, respectively. During the years ended December 31, 2024 and 2023, the distribution was \$323,376 and \$312,845, respectively.

The Organization's endowment consists of funds established for the purposes described above. Its endowment includes six donor-restricted endowment funds.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of 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, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. The purposes of the Organization and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effect of inflation and deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the Organization;
- g. The investment policy of the Organization; and
- h. Funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk.

Spending Policy and Appropriations from Endowment

The Organization has adopted a spending policy designed to provide a predictable and sustainable stream of funding for operations while preserving the long-term purchasing power of the endowment. The spending rate is reviewed periodically and adjusted as necessary to reflect market conditions and the Organization's financial needs. During the years ended December 31, 2024 and 2023, the Organization appropriated \$323,376 and \$312,845, respectively, for spending. These appropriations are reflected in the consolidated statements of activities as net assets released from restrictions and used to support programmatic and operational expenses

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Organization and Subsidiary to retain as a fund of perpetual duration. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies as of December 31, 2024 and 2023.

In 2014, the Organization created the Michael Price Endowment Fund (the "Fund"). The Fund supports the Organization's core mission by helping to produce one mainstage musical each season. As of December 31, 2024 and 2023, the Fund balance was \$1,618,437 and \$1,600,912, respectively.

Changes in endowment assets are as follows for the year ended December 31, 2024:

Endowment net assets, December 31, 2023	\$ 5,514,134
Contributions	22,525
Net investment income	532,455
Appropriation for spending	(323,376)
Endowment net assets, December 31, 2024	\$ 5,745,738

Changes in endowment assets are as follows for the year ended December 31, 2023:

Endowment net assets, December 31, 2022	\$ 5,096,122
Contributions	18,000
Net investment income	712,857
Appropriation for spending	(312,845)
Endowment net assets, December 31, 2023	\$ 5,514,134

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3. Financial Assets and Liquidity Resources

As of December 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 65,709	\$ 176,497
Accounts receivable	105,068	123,413
Unconditional promises to give	284,736	60,317
Investments	10,084,991	13,160,800
Employee retention tax credit receivable	324,923	324,923
	10,865,427	13,845,950
Liquidity resources		
Unused line of credit	2,500,000	2,500,000
Less: Board designated net assets - general fund	(8,401,142)	(11,471,102)
Total financial assets and liquidity resources available within one year	\$ 4,964,285	\$ 4,874,848

The Organization and Subsidiary's cash flows have seasonal variations due to subscription series renewals and single tickets sales. To manage liquidity, the Organization and Subsidiary have pledge campaigns to fund operations and other projects. The Board of Trustees has designated remaining net assets without restrictions as a board designated fund to support the mission of the Organization and Subsidiary (Note 2). The Organization and Subsidiary have a spending policy to fund any losses through the board designated fund. In addition, transfers from the Organization and Subsidiary board designated net assets can occur through Board approval.

4. Concentration of Credit Risk and Restricted Cash

The Organization and Subsidiary maintain cash, cash equivalents and investment balances at several financial institutions, which at times exceed the insured limit. Financial instruments which potentially subject the Organization and Subsidiary to concentrations of credit risk include cash and cash equivalents, money market funds, investments, and unconditional promises to give. The Organization and Subsidiary have significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization and Subsidiary's financial condition, results of operations, and cash flows.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

As of December 31, 2024 and 2023, restricted cash consisted of a restricted certificate of deposit of \$177,974 and \$118,928, respectively, which is pledged as collateral to meet the requirements of the Actors' Equity Association Union Agreement. As of December 31, 2024 and 2023, restricted cash also included \$36,699 and \$36,659, respectively, which are pledged as collateral to meet the bond requirements of the Town of East Haddam's planning and zoning commission. The bonds are to be released upon processing of final documentation.

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5. Investments

Fair Values Measured on Recurring Basis

There were no purchases, issuances or transfers into or out of Level 3 investments during the years ended December 31, 2024 and 2023. There were no changes in investment leveling methodologies for the years ended December 31, 2024 and 2023. The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

	Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 11,418,018	\$ -	\$ -	\$ 11,418,018
Intermediate investment funds	518,930	-	-	518,930
Long-term investment funds	563,170	-	-	563,170
Short-term investment funds	1,275,850	-	-	1,275,850
Bond market index funds	2,356,763	-	-	2,356,763
US and other bond obligations	1,650,000	981,930	-	2,631,930
High-yield funds	21,631	-	-	21,631
Federal money market fund	278,652	-	-	278,652
	<u>\$ 18,083,014</u>	<u>\$ 981,930</u>	<u>\$ -</u>	<u>\$ 19,064,944</u>

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 12,939,343	\$ -	\$ -	\$ 12,939,343
Intermediate investment funds	557,252	-	-	557,252
Long-term investment funds	605,268	-	-	605,268
Short-term investment funds	1,327,582	-	-	1,327,582
Bond market index funds	2,469,677	-	-	2,469,677
US and other bond obligations	1,950,000	971,682	-	2,921,682
High-yield funds	43,425	-	-	43,425
Federal money market fund	148,407	-	-	148,407
	<u>\$ 20,040,954</u>	<u>\$ 971,682</u>	<u>\$ -</u>	<u>\$ 21,012,636</u>

Investment Return, Net

Investment return, net consists of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividend income	\$ 863,859	\$ 619,413
Unrealized gain on investments	315,987	2,341,181
Realized gain (loss) on sale of investments	898,672	(91,749)
Administrative fees	(57,644)	(29,731)
	<u>\$ 2,020,874</u>	<u>\$ 2,839,114</u>

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6. Unconditional Promises to Give

Unconditional promises to give consist of the following at December 31, 2024:

	Less Than One Year	Two to Five Years	Total
Without donor restrictions	\$ 284,736	\$ -	\$ 284,736
With donor restrictions	296,854	648,900	945,754
	581,590	648,900	1,230,490
Less: Discount for present value	-	(46,774)	(46,774)
Less: Reserve for uncollectible	(17,000)	-	(17,000)
	<u>\$ 564,590</u>	<u>\$ 602,126</u>	<u>\$ 1,166,716</u>

Unconditional promises to give consist of the following at December 31, 2023:

	Less Than One Year	Two to Five Years	Total
Without donor restrictions	\$ 60,317	\$ -	\$ 60,317
With donor restrictions	30,000	1,000	31,000
	90,317	1,000	91,317
Less: Reserve for uncollectible	(15,000)	(1,000)	(16,000)
	<u>\$ 75,317</u>	<u>\$ -</u>	<u>\$ 75,317</u>

7. Property and Equipment

Property and equipment consist of the following at December 31, 2024 and 2023:

	2024	2023
Land	\$ 657,478	\$ 657,478
Building and improvements	19,176,026	19,162,617
Furniture, fixtures, and equipment	2,655,072	2,522,802
Vehicles	241,672	223,976
	22,730,248	22,566,873
Less: Accumulated depreciation	(13,593,002)	(13,094,945)
Construction in process (Note 8)	891,965	556,304
	<u>\$ 10,029,211</u>	<u>\$ 10,028,232</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$498,057 and \$497,355, respectively.

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8. Capital Campaign

The Organization launched a capital campaign (the "Campaign") for multiple projects costing under \$10 million. The Organization was awarded a \$2.9 million grant from the Department of Economic and Community Development. The grant funds are received upon incurring expenses related to the Campaign. The remaining amounts will be raised from donors and board members. As of December 31, 2024 and 2023, the Organization has cumulatively received \$2,540,965 and \$837,324, respectively. During the planning and construction phases, certain operating and other costs are being capitalized as part of construction in progress. As of December 31, 2024 and 2023, \$891,965 and \$556,304, respectively, of planning costs were capitalized and are included within construction in progress (see Note 7).

9. Gift Annuity Obligations

Gift annuities are reflected at fair value on the date of the gift less the estimated obligation under future benefits. During the year ended December 31, 2024, the Organization received an additional \$20,000 in gift annuities. Grantors are paid annually over joint lives as provided for within the grant instruments. The estimated obligation of the gifts as of December 31, 2024 and 2023 was \$34,127 and \$19,872, respectively.

10. Restricted Investment and Deferred Compensation Plan Payable

The Organization has a non-qualified deferred compensation plan under Section 457(b) of the Internal Revenue Service Code which covers certain qualified positions within the Organization, as defined within the plan document. The plan provides for funding under the annual Internal Revenue Service qualified threshold under employer contributory plans, including investment results over the term of the agreement. The Organization has title to and beneficial ownership of the invested funds until the earlier of termination (except for cause as defined in the agreement) or death or disability. The Organization reflects the annual commitment under the non-qualified deferred compensation plan as current salary expense. During the years ended December 31, 2024 and 2023, the Organization contributed \$41,250 and \$183,125 to the plan, respectively. During the year ended December 31, 2024, the Organization disbursed \$64,064 from the plan. As of December 31, 2024 and 2023, the balance of the deferred compensation payable is \$668,106 and \$641,051, respectively.

11. Statements of Cash Flows

The following comprises the cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total reported in the consolidated statements of cash flows for the years ended December 31, 2024 and 2023:

	2024		2023	
Cash and cash equivalents	\$	606,753	\$	551,464
Restricted cash		214,673		155,587
	\$	821,426	\$	707,051

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12. Commitments and Contingencies

a) Government-supported programs are subject to audit by the granting agency.

b) The Subsidiary entered into a lease to rent the Gelston House to an unrelated party for a period of sixteen years (with provisions for termination), ending December 31, 2021. The lease agreement has a renewal option for another five years. In 2024 and 2023, the agreement continued on a month-to-month basis. The lease provides for rent at an annual rate of \$100,000 for the first two renewal years, and then the greater of \$100,000 or certain percentages of gross sales for the remaining three years. Rental income for each of the years ended December 31, 2024 and 2023 was \$100,000.

c) The Organization has a line of credit with a financial institution with a maximum availability of \$2,500,000. The line of credit is due on demand and bears an annual interest rate of the Prime rate less .50% on December 31, 2024 and 2023, respectively (7.00% and 8.00% as of December 31, 2024 and 2023, respectively). The line of credit swaps daily with the operating account at the same financial institution if operating cash balances fall below a certain amount. Interest expense for the years ended December 31, 2024 and 2023 was \$79,452 and \$9,201, respectively. As of December 31, 2024 and 2023, there was no amount outstanding. The line of credit currently expires on July 31, 2026. The line of credit agreement contains certain financial operating and reporting restrictive covenants.

The financial institution has filed a secured interest in the Organization's investments (which were valued at approximately \$2.6 and \$2.9 million as of December 31, 2024 and 2023), as collateral towards the line of credit.

d) On May 31, 2020, the Organization was approved for an Economic Injury Disaster Loan ("EIDL") in the amount of \$150,000. The EIDL is a 30-year term loan. The loan bears an annual rate of 2.75% and is collateralized by all tangible and intangible assets of the Organization. Monthly installments on the loan begin 30 months from the date of the loan. As of December 31, 2024, \$1,794 has been repaid. As of December 31, 2023, no amounts were repaid. The loan is due as follows:

Due during the year ending December 31, 2025	\$ 9,671
Due during the year ending December 31, 2026	3,932
Due during the year ending December 31, 2027	4,041
Due during the year ending December 31, 2028	4,154
Thereafter, through May 31, 2051	126,409
	\$ 148,207

e) The Organization contributes to six multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, four of the six multiemployer plans to which the Organization contributes are adequately funded under the applicable provisions in the Pension Protection Act enacted in 2006 ("PPA"). Two funds are in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any.

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Under applicable law upon the Organization ceasing to make contributions to, or other “withdrawal” from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization’s proportionate share of the plan’s unfunded vested liabilities. The Organization believes that under such circumstances, if a fund were to seek to access such contribution obligation upon the Organization’s alleged “withdrawal”, the Organization would have significant defenses against such assessment under applicable law. The Organization cannot determine at this time the impact that the alleged withdrawal from the affected plans may have on the Organization and Subsidiary’s financial position, results of changes in net assets or cash flows.

Approximately 22% and 23% of the Organization’s employees and contractors are participants in multiemployer plans for the years ended December 31, 2024 and 2023, respectively. Pension and welfare expense associated with multiemployer plans amounted to \$397,516 and \$415,719 for the years ended December 31, 2024 and 2023, respectively.

f) The Organization has entered into various contracts with licensors in order to develop, produce, promote and present works on the stage in the presence of an audience. If a work produced by the Organization generates royalties to the author or composer, then the Organization will generally be entitled to a certain percentage of the net proceeds received by the author and/or composer.

g) The Organization has elected to use a collective Trust, 501(c) Agencies Trust (the “Trust”), for calculating and paying Connecticut unemployment benefits. As of December 31, 2024 and 2023, the Organization has advanced the Trust \$91,471 and \$146,754, respectively, which is reflected in prepaid expenses on the consolidated statements of financial position. Unemployment benefits charges paid for the years ended December 31, 2024 and 2023 were \$131,911 and \$82,874, respectively. The Trust is a collective of more than 1,500 not-for-profit organizations. Members of the Trust are responsible only for their own claims. The Trust is responsible for monitoring each member’s activity to ensure sufficient funds are available. Any money held in the Organization’s account earns interest based on the Trust’s investments. The Trust has a conservative investment policy where 70% is in cash and bonds.

h) The Organization received a \$2.9 million grant from the DECD (Note 8). Per the terms of the agreement, after the eligible project is completed and placed in service, the Organization has certain restrictive operating covenants. During the year ended December 31, 2024, the Organization received \$76,563 for projects not yet completed. During the year ended December 31, 2023, the Organization received \$178,073 for projects not yet completed. As of December 31, 2024, cumulative receipts on the grant were \$369,636.

13. Employee Benefit Plan

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization matches the employee’s contribution amount up to a maximum of 3% of the annual salary at the Organization’s discretion. Employees may make contributions to the plan up to the maximum amounts allowed by the Internal Revenue Code if they wish. During the years ended December 31, 2024 and 2023, the Organization did not contribute to the plan.

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14. Contributions of Non-Financial Assets

Contributed non-financial assets are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributed non-financial assets do not have donor-imposed restrictions and are not sold, and goods are only distributed for program use. The Organization and Subsidiary received contributed non-financial assets comprised of services and materials during the years ended December 31, 2024 and 2023 in support of its programs and operations, which are recognized in the consolidated statements of activities and included:

Non-Financial

Contributions Category	Type of Contributions	Valuation	2024		2023	
Media	Advertising	Third party estimates using billing rates in like circumstances	\$	48,477	\$	43,075
Non-food items	Furniture, clothing and production materials	U.S. wholesales prices of identical or similar products		47,146		40,649
			\$	95,623	\$	83,724

15. Evaluation of Subsequent Events

The Organization and Subsidiary have evaluated subsequent events through November 3, 2025, the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization and Subsidiary have determined that no subsequent events have occurred which require adjustment to or disclosure in these consolidated financial statements.