

Old Town  
Playhouse, Inc.



Years Ended  
June 30,  
2025 and 2024

Financial  
Statements

**Rehmann**

**OLD TOWN PLAYHOUSE, INC.**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

September 10, 2025

Board of Directors  
Old Town Playhouse, Inc.  
Traverse City, Michigan

We have reviewed the accompanying financial statements of the **Old Town Playhouse, Inc.** (the "Playhouse") which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Playhouse management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***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 the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Independent Accountants' Responsibility***

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to conform with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Playhouse and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.



***Independent Accountants' Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Rehmann Lobson LLC*

# OLD TOWN PLAYHOUSE, INC.

## Statements of Financial Position

		June 30	
		2025	2024
<b>ASSETS</b>			
<b>Assets</b>			
Cash and cash equivalents	\$	591,542	\$ 491,106
Accounts receivable		187	17,206
Pledges receivable		-	1,800
Grants receivable		10,000	-
Prepays and other assets		50,223	57,165
<b>Total current assets</b>		<b>651,952</b>	<b>567,277</b>
Endowment assets			
Investments		108,167	99,458
Cash		6,018	7,485
Net property and equipment		702,729	775,478
<b>Total assets</b>		<b>\$ 1,468,866</b>	<b>\$ 1,449,698</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	\$	20,824	\$ 12,201
Deferred revenue		105,833	74,465
Refundable advances on conditional contributions		45,378	47,819
<b>Total liabilities (all current)</b>		<b>172,035</b>	<b>134,485</b>
<b>Net assets</b>			
Without donor restrictions		1,168,031	1,261,352
With donor restrictions		128,800	53,861
<b>Total net assets</b>		<b>1,296,831</b>	<b>1,315,213</b>
<b>Total liabilities and net assets</b>		<b>\$ 1,468,866</b>	<b>\$ 1,449,698</b>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

# **OLD TOWN PLAYHOUSE, INC.**

## **Statements of Activities**

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and gains</b>						
Contributions and grants	\$ 270,908	\$ 72,000	\$ 342,908	\$ 226,377	\$ -	\$ 226,377
Admissions	405,547	-	405,547	372,985	-	372,985
Classes and workshops	160,293	-	160,293	123,270	-	123,270
Special events, net	75,286	-	75,286	64,291	-	64,291
Corporate sponsorship	27,156	-	27,156	26,750	-	26,750
Rental income	6,620	-	6,620	4,910	-	4,910
Donated materials and supplies	3,588	-	3,588	3,236	-	3,236
Interest income	9,201	-	9,201	11,606	-	11,606
Concessions	15,549	-	15,549	5,097	-	5,097
Program advertising	8,635	-	8,635	6,704	-	6,704
Endowment income, net	2,303	2,939	5,242	2,558	2,546	5,104
Other	7,399	-	7,399	4,500	-	4,500
<b>Total revenue, support, and gains</b>	<b>992,485</b>	<b>74,939</b>	<b>1,067,424</b>	<b>852,284</b>	<b>2,546</b>	<b>854,830</b>
<b>Expenses</b>						
Program services - production	911,585	-	911,585	760,523	-	760,523
Supporting services						
General and administrative	109,074	-	109,074	94,711	-	94,711
Fundraising	65,147	-	65,147	65,488	-	65,488
<b>Total expenses</b>	<b>1,085,806</b>	<b>-</b>	<b>1,085,806</b>	<b>920,722</b>	<b>-</b>	<b>920,722</b>
<b>Change in net assets</b>	<b>(93,321)</b>	<b>74,939</b>	<b>(18,382)</b>	<b>(68,438)</b>	<b>2,546</b>	<b>(65,892)</b>
Net assets, beginning of year	1,261,352	53,861	1,315,213	1,329,790	51,315	1,381,105
<b>Net assets, end of year</b>	<b>\$ 1,168,031</b>	<b>\$ 128,800</b>	<b>\$ 1,296,831</b>	<b>\$ 1,261,352</b>	<b>\$ 53,861</b>	<b>\$ 1,315,213</b>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

## OLD TOWN PLAYHOUSE, INC.

### Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services	Supporting Services			
	Production	General and Administrative	Fundraising	Total Supporting Services	Total Functional Expenses
<b>Salaries and fringe benefits</b>					
Salaries and wages	\$ 405,441	\$ 24,225	\$ 34,500	\$ 58,725	\$ 464,166
Benefits	42,533	1,188	37	1,225	43,758
Payroll taxes	31,169	1,638	2,639	4,277	35,446
<b>Total salaries and fringe benefits</b>	<b>479,143</b>	<b>27,051</b>	<b>37,176</b>	<b>64,227</b>	<b>543,370</b>
Production costs	115,135	-	5,816	5,816	120,951
Depreciation	81,565	13,804	-	13,804	95,369
Supplies	48,142	3,424	41,649	45,073	93,215
Facility and maintenance	35,622	6,111	3,007	9,118	44,740
Marketing	44,021	-	-	-	44,021
Independent contractors	18,518	-	7,640	7,640	26,158
Fees and service charges	1,033	21,884	2,996	24,880	25,913
Rent, parking and other occupancy	18,215	-	5,570	5,570	23,785
Donated materials and supplies	2,776	812	19,845	20,657	23,433
Utilities	16,215	2,858	-	2,858	19,073
Professional fees	-	18,800	-	18,800	18,800
Subsidizing	14,722	-	-	-	14,722
Insurance	10,621	2,878	-	2,878	13,499
Printing and copying	9,530	132	1,317	1,449	10,979
Cloud hosting for ticketing system	5,602	695	-	695	6,297
Membership dues	2,517	1,052	2,545	3,597	6,114
Credit losses	163	5,684	-	5,684	5,847
Annual report costs	-	-	5,502	5,502	5,502
Telephone and internet	4,349	768	-	768	5,117
Website design	2,477	415	-	415	2,892
Other	53	2,680	-	2,680	2,733
Postage and shipping	786	11	260	271	1,057
Staff development	-	15	549	564	564
Sales tax	-	-	387	387	387
Vehicle	380	-	-	-	380
<b>Total expenses</b>	<b>911,585</b>	<b>109,074</b>	<b>134,259</b>	<b>243,333</b>	<b>1,154,918</b>
Less special event expenses included with revenue, support and gains on the statement of activities	-	-	(69,112)	(69,112)	(69,112)
<b>Total expenses included in the expenses section of the statement of activities</b>	<b>\$ 911,585</b>	<b>\$ 109,074</b>	<b>\$ 65,147</b>	<b>\$ 174,221</b>	<b>\$ 1,085,806</b>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

## OLD TOWN PLAYHOUSE, INC.

### Statement of Functional Expenses

For the Year Ended June 30, 2024

	Program Services	Supporting Services			
	Production	General and Administrative	Fundraising	Total Supporting Services	Total Functional Expenses
<b>Salaries and fringe benefits</b>					
Salaries and wages	\$ 305,894	\$ 29,628	\$ 36,050	\$ 65,678	\$ 371,572
Benefits	33,802	2,921	2,210	5,131	38,933
Payroll taxes	23,489	2,179	2,758	4,937	28,426
<b>Total salaries and fringe benefits</b>	<b>363,185</b>	<b>34,728</b>	<b>41,018</b>	<b>75,746</b>	<b>438,931</b>
Production costs	117,247	-	10,496	10,496	127,743
Depreciation	84,396	14,400	-	14,400	98,796
Supplies	30,117	2,093	34,289	36,382	66,499
Marketing	33,696	-	1,597	1,597	35,293
Donated materials and supplies	3,130	106	31,522	31,628	34,758
Facility and maintenance	24,855	2,059	4,081	6,140	30,995
Independent contractors	26,903	240	3,283	3,523	30,426
Fees and service charges	427	17,644	1,920	19,564	19,991
Rent, parking and other occupancy	14,079	-	3,330	3,330	17,409
Utilities	14,350	2,532	-	2,532	16,882
Subsidizing	13,691	-	-	-	13,691
Printing and copying	10,330	360	2,680	3,040	13,370
Insurance	9,697	2,506	-	2,506	12,203
Professional fees	-	11,765	-	11,765	11,765
Annual report costs	-	-	7,110	7,110	7,110
Cloud hosting for ticketing system	5,000	-	-	-	5,000
Telephone and internet	3,956	698	-	698	4,654
Membership dues	2,121	1,553	-	1,553	3,674
Postage and shipping	486	885	846	1,731	2,217
Vehicle	684	366	-	366	1,050
Credit losses	1,050	-	-	-	1,050
Other	-	2,003	-	2,003	2,003
Staff development	400	105	349	454	854
Website design	-	638	-	638	638
Travel	635	-	-	-	635
Sales tax	88	-	129	129	217
Contributions	-	30	-	30	30
<b>Total expenses</b>	<b>760,523</b>	<b>94,711</b>	<b>142,650</b>	<b>237,361</b>	<b>997,884</b>
Less special event expenses included with revenue, support and gains on the statement of activities	-	-	(77,162)	(77,162)	(77,162)
<b>Total expenses included in the expenses section of the statement of activities</b>	<b>\$ 760,523</b>	<b>\$ 94,711</b>	<b>\$ 65,488</b>	<b>\$ 160,199</b>	<b>\$ 920,722</b>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.



# OLD TOWN PLAYHOUSE, INC.

## Statements of Cash Flows

	Year Ended June 30	
	2025	2024
<b>Cash flows from operating activities</b>		
Cash received from admissions, classes and workshops	\$ 604,227	\$ 495,655
Cash received from contributions and grants	342,267	236,223
Cash received from special events	124,553	109,931
Interest income and dividends received	13,612	16,710
Other cash receipts	65,359	47,961
Cash paid to employees	(543,370)	(438,931)
Cash paid to vendors and suppliers	(471,496)	(463,767)
<b>Net change in cash from operating activities</b>	<b>135,152</b>	<b>3,782</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(19,500)	-
Proceeds from sale of investments	11,622	-
Purchases of property and equipment	(28,305)	(36,672)
<b>Net change in cash from investing activities</b>	<b>(36,183)</b>	<b>(36,672)</b>
<b>Net change in cash and cash equivalents</b>	<b>98,969</b>	<b>(32,890)</b>
Cash and cash equivalents, beginning of year	498,591	531,481
<b>Cash and cash equivalents, end of year</b>	<b>\$ 597,560</b>	<b>\$ 498,591</b>
<b>Reconciliation to statements of financial position</b>		
Cash and cash equivalents	\$ 591,542	\$ 491,106
Endowment cash	6,018	7,485
<b>Cash and cash equivalents (including endowment), end of year</b>	<b>\$ 597,560</b>	<b>\$ 498,591</b>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

# OLD TOWN PLAYHOUSE, INC.

## Notes to Financial Statements

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

**Old Town Playhouse, Inc.** (the "Playhouse") is a not-for-profit organization established to receive and administer funds for the organization, construction, and maintenance of theatrical production. The mission of the Playhouse is to assist, encourage, promote and improve the cultural and literary development of the community by providing a means through which individuals in the Grand Traverse area may participate and obtain instruction in all aspects of the dramatic arts. The Playhouse's operations are impacted by several factors including changes in relationships with significant donors and general economic and business conditions. Primary support for the Playhouse consists of contributions and admission fees.

#### *Basis of Presentation*

Net assets, revenues, support, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions or donor-imposed restrictions that have expired. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment, which amounted to \$55,385 and \$53,082 at June 30, 2025 and 2024, respectively.
- *Net Assets With Donor Restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. (See Note 7)

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual amounts could differ from those estimates.

# OLD TOWN PLAYHOUSE, INC.

## Notes to Financial Statements

### *Contributions and Grants*

Contributions and grants, including unconditional promises to give in the future, are reported as revenue without donor restrictions when received unless use of the related assets is limited by donor-imposed restrictions. Unconditional promises to give in the future are recorded at the present value of estimated future cash flows using a risk-adjusted discount rate. When donor restrictions expire in the same reporting period as the donations are received, the donations are reported as without donor restrictions.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until they become unconditional, that is when the conditions on which they depend have been met. A portion of the Playhouse's support is derived from conditional grants, which are recognized when the Playhouse has incurred the qualifying expenditures and met certain other performance requirements, as applicable. Amounts received in excess of expenses or asset acquisitions are reflected as refundable advances on conditional contributions. Refundable advances related to these conditional contributions totaled \$45,378 and \$47,819, at June 30, 2025 and 2024, respectively. Amounts questioned as a result of audits, if any, may result in refunds to the supporting agencies. Management does not believe any liability for reimbursements, which may arise as the result of these audits, would be material. As of June 30, 2025 and 2024 there were no additional conditional grants for which advances had not yet been made.

### *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market funds with original maturities of less than three months. The Playhouse has not experienced any credit losses and does not believe it is exposed to any significant credit losses on the money market funds. The Playhouse maintains its cash in bank deposit accounts at various financial institutions, which, at times, may exceed the federally insured limits. Management does not believe the Playhouse is exposed to any significant interest rate or other financial risks as a result of these deposits.

### *Investments*

Investments are stated at fair value based upon quoted market prices. Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Gifts of securities are recorded at their fair value based on quoted price of stock transactions at the date of the gift. Any gains or losses on the sale of a security is determined using the cost basis of the security sold. Income from investments, including realized and unrealized gains and losses, are allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Investment return is presented net of external investment expenses.

The Playhouse invests in various investment securities. 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 statements of financial position and activities.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### ***Fair Value Measurements***

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of Fair Value Measurements, refer to Note 4 to the financial statements.

#### ***Revenue from Contracts with Customers***

The Playhouse satisfies its performance obligation for performances (admission) at the point in time the services are provided to the patron. Control transfers when these services are rendered to the patron, which is at the time of the performance. Deferred revenue is recorded for the portion of advanced admission sales for the following year's performance season received in the current year.

The Playhouse recognizes revenue from classes and workshops during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the classes and workshops. Payment for classes is required at the start of the class or workshop. All amounts received prior to the commencement of the class or workshop are deferred to the applicable period. In addition, refunds issued reduce the amount of revenue recognized and historically has been insignificant.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### *Deferred Revenue*

Deferred revenue consist of the following at June 30:

	2025	2024	2023
Classes and workshops	\$ 83,228	\$ 65,531	\$ 56,414
Tickets	13,105	8,184	3,904
Other	9,500	750	-
<b>Total deferred revenue</b>	<b>\$ 105,833</b>	<b>\$ 74,465</b>	<b>\$ 60,318</b>

#### *Accounts, Grants, and Pledges Receivable*

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management estimates an allowance for expected credit losses based on the amount it expects to collect from customers, based on the length of time the receivables have been outstanding, historical collection experience, current market conditions and forecasted economic and business environments. Amounts that are deemed to be uncollectible are written off against the allowance for credit losses. At June 30, 2025 and 2024, the allowance related to these receivables was not material.

Accounts receivable were as follows for the years ended June 30:

	2025	2024
Accounts receivable, beginning of the year	\$ 17,206	\$ 2,459
Accounts receivable, end of the year	\$ 187	\$ 17,206

The Playhouse considers grants receivables to be fully collectible; accordingly, no allowance was deemed necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

Pledges receivable were stated at the amount management expected to collect from outstanding balances. As of June 30, 2025 all outstanding pledges have been fully collected. Management provided for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual donors. Balances that were still outstanding after management used reasonable collection efforts were written off through a charge to the valuation allowance and a credit to pledges receivable. Pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### ***Special Events***

Special event revenues consist of donations, contributed nonfinancial assets, and ticket and auction revenues. Ticket sales and auction revenue generated at the special events are considered contributions to the Playhouse. See additional details on the special events at Note 10.

#### ***Property and Equipment and Depreciation***

Property and equipment is stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Depreciation is computed using the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years.

#### ***Leases***

The Playhouse will frequently lease storage space which is used in operations. The leases generally have initial terms of less than one year and may include renewal or early-termination options. The Playhouse is typically required to make fixed minimum rent payments, variable rent payments, or a combination thereof, relating to its right to use an underlying leased asset.

The Playhouse's lease arrangements are short-term leases and are not recognized on the statements of financial position as of June 30, 2025 and 2024. Net lease costs during fiscal 2025 and 2024 consists of short-term lease cost and are considered insignificant. Lease costs is expected to be similar in fiscal 2026.

#### ***Donated Materials and Supplies and Contributed Services***

Donations of materials and supplies are used in production program services and are recorded as support at the fair market value at the date of donation based on current market rates of similar items (U.S. wholesale prices of identical or similar products). Such donations are reported as without donor restriction support unless the donor has restricted the donated goods to a specific purpose. A number of unpaid volunteers have made significant contributions of their time in the Playhouse's performances and other activities. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation. Additionally, volunteers contribute significant amounts of time to production services and, to a lesser extent, fundraising events; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteer hours were approximately 25,311 and 31,574 respectively for each of the years ended June 30, 2025 and 2024. Management will distribute comp tickets to volunteers, of which 1,184 and 1,473 were distributed in 2025 and 2024 respectively.

# OLD TOWN PLAYHOUSE, INC.

## Notes to Financial Statements

### *Income Taxes*

The Playhouse is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Playhouse was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Playhouse has been classified as not a private foundation.

The Playhouse considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Playhouse determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Playhouse has evaluated fiscal years 2022 through 2025, the years which remain subject to examination by major tax jurisdictions as of June 30, 2025, for uncertain tax positions. The Playhouse concluded that there are no significant uncertain tax positions requiring recognition in the Playhouse's financial statements. The Playhouse does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Playhouse does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2025 or 2024, and it is not aware of any claims for such amounts by federal or state income tax authorities.

### *Marketing*

The costs of marketing, including advertising and promotion, are expensed as they are incurred. Marketing costs, including amounts related to special event direct expenses, were \$44,021 and \$35,293 for the years ended June 30, 2025 and 2024, respectively.

### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification or space utilized, whichever is more appropriate. Although the methods of allocation used are considered reasonable, other methods could be used and produce different amounts.

Production costs represent the direct and indirect expenses incurred for theatrical performances. These costs typically include costumes, lighting, sound equipment, sets, props, and royalties for scripts.

### *Subsequent Events*

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent statement of financial position presented herein, through the date these financial statements were available to be issued.

# OLD TOWN PLAYHOUSE, INC.

## Notes to Financial Statements

### 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2025	2024
Cash and cash equivalents	\$ 591,542	\$ 491,106
Accounts receivable	187	17,206
Pledges receivable	-	1,800
Grants receivable	10,000	-
Endowment assets		
Investments	108,167	99,458
Cash	6,018	7,485
<b>Subtotal</b>	<b>715,914</b>	<b>617,055</b>
Less amounts unavailable for general expenditures within one year due to		
Net assets with donor restrictions	(128,800)	(53,861)
Board designated net assets	(55,385)	(53,082)
<b>Subtotal</b>	<b>(184,185)</b>	<b>(106,943)</b>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 531,729</b>	<b>\$ 510,112</b>

As part of the Playhouse's liquidity management plan, the Playhouse invests cash in excess of daily requirements in money market funds. Additionally, the Playhouse receives contributions and admissions revenue throughout the year, which is available for general expenditures.

The Playhouse's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Although the Playhouse doesn't intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.



## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### 3. NET PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2025	2024
<b>Property and equipment</b>		
Land	\$ 20,000	\$ 20,000
Buildings and building improvements	1,467,615	1,467,615
Theatrical equipment	500,720	478,117
Office equipment	22,887	34,853
Parking lot	24,120	24,120
Vehicle	13,900	13,900
	<u>2,049,242</u>	<u>2,038,605</u>
Total	2,049,242	2,038,605
Less accumulated depreciation	<u>(1,346,513)</u>	<u>(1,263,127)</u>
<b>Net property and equipment</b>	<b><u>\$ 702,729</u></b>	<b><u>\$ 775,478</u></b>

Depreciation expense was \$95,369 and \$98,796 for 2025 and 2024, respectively.

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Playhouse utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis.

Following is a description of the valuation methodologies and key inputs used to measure investments recorded at fair value.

##### ***Investments***

*Exchange traded fund:* Level 1 fair value measurement is based upon the closing price reported on the active market in which the funds are traded.

*Mutual funds:* Shares held in mutual funds are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Playhouse at year end and are classified as Level 1. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding. Mutual funds held by the Playhouse are open-end mutual funds that are registered with the Securities and Exchange Commission ("SEC"). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Playhouse are deemed to be actively traded.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Playhouse believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### *Assets Recorded at Fair Value on a Recurring Basis*

The following table sets forth by level, within the fair value hierarchy, the recorded amount of investments measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Hedged equities	\$ 20,253	\$ -	\$ -	\$ -
Exchange traded				
Short-term bonds	87,914	-	-	-
<b>Total investments</b>	<b>\$ 108,167</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,167</b>

The following table sets forth by level, within the fair value hierarchy, the recorded amount of investments measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Exchange traded				
Short-term bonds	\$ 99,458	\$ -	\$ -	\$ 99,458

### 5. RELATED PARTY TRANSACTIONS

Twelve board members donated \$17,185 and \$20,767 during fiscal years 2025 and 2024, respectively. There were no receivables from board members as of June 30, 2025 or 2024. In addition, employees donated \$8,741 and \$4,756 in 2025 and 2024, respectively.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### 6. SUBSIDIZING EXPENSES

Each of the Worthington Family Foundation grant awards allows for spending over a three-year period, and requires the related expenses to be recorded as subsidizing. The subsidizing expenses are further allocated as follows for the years ended June 30:

	2025	2024
Scholarships	\$ 6,000	\$ 5,000
Tickets	5,000	4,000
Other production expenses	3,722	4,691
<b>Total</b>	<b>\$ 14,722</b>	<b>\$ 13,691</b>

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Subject to expenditure for specified purpose		
Theatre renovation	\$ 60,000	\$ -
Digital microphones	10,000	-
<b>Subtotal</b>	<b>70,000</b>	<b>-</b>
Endowments		
Subject to endowment spending policy and appropriation		
Building improvements	58,800	53,861
<b>Total</b>	<b>\$ 128,800</b>	<b>\$ 53,861</b>

#### 8. ENDOWMENTS

The Playhouse's endowments consist of a donor-restricted fund established for the benefit of the Playhouse. Investment income generated by this fund is available to support the operations of the Playhouse. The Playhouse's endowments also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Assets are held by a brokerage firm and invested as described in Note 4.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### *Interpretation of Relevant Law*

The Playhouse's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (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, net assets with donor restrictions consist of the original value of gifts to the endowment and the original value of subsequent gifts to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by UPMIFA. The Playhouse considers the following factors in making determinations to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Playhouse and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation (depreciation) of investments
6. Other resources of the Playhouse
7. The investment policies of the Playhouse

#### *Investment Return Objectives, Risk Parameters and Strategies*

The Playhouse's endowments are held and invested under the direction of an Investment Policy Statement, which is monitored by the Board of Directors and a Playhouse committee established in the by-laws. Funds can be invested in cash and cash equivalents, fixed income securities, mutual funds, and equities within the parameters described in the investment policy. The policy provides limitations regarding investment concentrations, quality of the security purchased as determined by normally recognized ratings, characteristics of security issuers, and the type of investment. The overall objective of the investments is balanced growth with a significant component of income securities.

To achieve its long-term investment objectives, the Playhouse relies on both current income and capital appreciation. The Playhouse targets a diversified asset allocation that places greater emphasis on equity based investments to achieve its long-term objectives within prudent risk constraints.

#### *Funds with Deficiencies*

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Playhouse has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025 and 2024, the Playhouse did not have any underwater endowments.

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

Endowment net asset composition by type of fund as of June 30:

	2025	2024
Board-designated endowment funds	\$ 55,385	\$ 53,082
Endowment funds with donor restrictions		
Original donor-restricted gift amount and amounts required to be held for a specified term by donor	52,000	50,000
Net investment return	6,800	3,861
Total restricted endowment funds	58,800	53,861
<b>Total funds</b>	<b>\$ 114,185</b>	<b>\$ 106,943</b>

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 53,082	\$ 53,861	\$ 106,943
Contributions	-	2,000	2,000
Net investment gain	2,303	2,939	5,242
<b>Endowment net assets, end of year</b>	<b>\$ 55,385</b>	<b>\$ 58,800</b>	<b>\$ 114,185</b>

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 50,524	\$ 51,315	\$ 101,839
Net investment gain	2,558	2,546	5,104
<b>Endowment net assets, end of year</b>	<b>\$ 53,082</b>	<b>\$ 53,861</b>	<b>\$ 106,943</b>

## OLD TOWN PLAYHOUSE, INC.

### Notes to Financial Statements

#### *Spending Policy*

Distributions from the donor endowment are determined annually for the subsequent calendar year by the Board of Directors of the Playhouse based on the needs of the Playhouse and their determination of availability of funds for distribution. Annual withdrawals may be done up to the earning level of the previous year.

No amounts were approved for appropriation from the donor endowment during 2025 or 2024.

Distributions from the board restricted endowment are determined by the Board of Directors of the Playhouse based on the needs of the Playhouse and their determination of availability of funds for distribution. Withdrawal amounts are not restricted but the goal is to leave the funds untouched for maximum growth potential to expand the Playhouse.

No amounts were approved for appropriation from the board restricted endowment during 2025 or 2024.

#### 9. ENDOWMENT FUNDS HELD WITH GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION

Through its fundraising projects, the Playhouse encourages donors to contribute to the Old Town Playhouse endowment Fund, maintained by the Grand Traverse Regional Community Foundation. The Playhouse is named beneficiary of all these endowment funds. The fund is a permanent fund; nevertheless, the earnings may be used to fund the Playhouse's operating activities. Summary financial information of the endowment fund follows:

	Endowment Corpus	Spendable Reserve	Total
Beginning net assets, July 1, 2023	\$ 474,965	\$ 29,269	\$ 504,234
Net investment return	-	63,205	63,205
Grants payable reserve	-	(20,740)	(20,740)
Ending net assets, June 30, 2024	474,965	71,734	546,699
Net investment return	-	62,826	62,826
Grants payable reserve	-	(20,650)	(20,650)
Ending net assets, June 30, 2025	<u>\$ 474,965</u>	<u>\$ 113,910</u>	<u>\$ 588,875</u>

Distributions to the Playhouse from the endowment funds are reported in the statements of activities as grants and contributions, in the amounts of \$20,650 and \$20,740 during the years ended June 30, 2025 and 2024, respectively. These assets are reported exclusively on the books of the Grand Traverse Regional Community Foundation as it is owned and directed by the Community Foundation, and has variance power over the endowment funds.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

10. SPECIAL EVENTS

There was one major special fundraising event in fiscal 2025. A summary of the special event activity is as follows for the year ended June 30, 2025:

	B&W Gala June 2025
Donations	\$ 53,625
Ticket and auction revenue	70,928
Donated goods	19,845
Less direct expenses	<u>(69,112)</u>
Special events, net	<u><u>\$ 75,286</u></u>

There was one major special fundraising event in fiscal 2024. A summary of the special event activity is as follows for the year ended June 30, 2024:

	B&W Gala June 2024
Donations	\$ 61,462
Ticket and auction revenue	48,469
Donated goods	31,522
Less direct expenses	<u>(77,162)</u>
Special events, net	<u><u>\$ 64,291</u></u>

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