

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**

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Independent Auditor's Report

Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

We have audited the accompanying financial statements of Milwaukee Repertory Theater, Inc. and Affiliate which comprise the balance sheet as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Repertory Theater, Inc. and Affiliate as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP  
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Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

### **Report on Summarized Comparative Information**

We have previously audited Milwaukee Repertory Theater, Inc. and Affiliate's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of unrestricted functional expenses and unrestricted activities reconciled to operating budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
November 3, 2017

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**BALANCE SHEET**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

	ASSETS			2017	2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents (NOTES A-4 and C)	\$ 3,913,902	\$ 627,640	\$ ---	\$ 4,541,542	\$ 2,492,940
Investments (NOTES A-8 and D-F)	4,613,006	3,390,836	---	8,003,842	6,979,028
Interest Receivable	12,287	---	---	12,287	7,968
Pledges Receivable (NOTES A-5 and G)	102,303	640,619	462,523	1,205,445	2,213,579
Loan Receivable (NOTES A-6 and H)	12,173	---	---	12,173	12,173
Other Receivables	85,211	---	---	85,211	187,410
Inventory (NOTES A-9 and I)	51,250	---	---	51,250	41,235
Prepaid Expenses	495,008	14,529	---	509,537	451,968
Total Current Assets	<u>\$ 9,285,140</u>	<u>\$ 4,673,624</u>	<u>\$ 462,523</u>	<u>\$ 14,421,287</u>	<u>\$ 12,386,301</u>
INVESTMENTS (NOTES A-8 and D-F)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 9,837,327</u>	<u>\$ 9,837,327</u>	<u>\$ 8,537,051</u>
PLEDGES RECEIVABLE (NOTES A-5 and G)	<u>\$ 102,303</u>	<u>\$ 1,287,495</u>	<u>\$ 926,199</u>	<u>\$ 2,315,997</u>	<u>\$ 3,244,773</u>
Less: Current Portion	<u>(102,303)</u>	<u>(640,619)</u>	<u>(462,523)</u>	<u>(1,205,445)</u>	<u>(2,213,579)</u>
Long-Term Pledges Receivable	<u>\$ ---</u>	<u>\$ 646,876</u>	<u>\$ 463,676</u>	<u>\$ 1,110,552</u>	<u>\$ 1,031,194</u>
<b>FIXED ASSETS (NOTES A-7 and J)</b>					
Total Fixed Assets	\$ 21,009,447	\$ ---	\$ ---	\$ 21,009,447	\$ 21,447,024
Less: Accumulated Depreciation	<u>(14,026,976)</u>	<u>---</u>	<u>---</u>	<u>(14,026,976)</u>	<u>(14,315,452)</u>
Net Fixed Assets	<u>\$ 6,982,471</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 6,982,471</u>	<u>\$ 7,131,572</u>
Due To/From Funds	<u>\$ (1,754,263)</u>	<u>\$ 1,754,263</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,513,348</u></u>	<u><u>\$ 7,074,763</u></u>	<u><u>\$ 10,763,526</u></u>	<u><u>\$ 32,351,637</u></u>	<u><u>\$ 29,086,118</u></u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 616,599	\$ ---	\$ ---	\$ 616,599	\$ 667,829
Deferred Revenue (NOTE K)	3,544,299	7,150	---	3,551,449	3,314,712
Total Current Liabilities	<u>\$ 4,160,898</u>	<u>\$ 7,150</u>	<u>\$ ---</u>	<u>\$ 4,168,048</u>	<u>\$ 3,982,541</u>
Total Liabilities	<u>\$ 4,160,898</u>	<u>\$ 7,150</u>	<u>\$ ---</u>	<u>\$ 4,168,048</u>	<u>\$ 3,982,541</u>
<b>NET ASSETS (NOTE A-11)</b>					
Unrestricted					
Operating	\$ 7,002,737	\$ ---	\$ ---	\$ 7,002,737	\$ 7,168,440
Board Designated (NOTE A-10)	3,349,713	---	---	3,349,713	1,918,803
Total Unrestricted Net Assets	<u>\$ 10,352,450</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 10,352,450</u>	<u>\$ 9,087,243</u>
Temporarily Restricted (NOTE A-11)	<u>\$ ---</u>	<u>\$ 7,067,613</u>	<u>\$ ---</u>	<u>\$ 7,067,613</u>	<u>\$ 6,363,880</u>
Permanently Restricted (NOTE F)	<u>---</u>	<u>---</u>	<u>10,763,526</u>	<u>10,763,526</u>	<u>9,652,454</u>
Total Net Assets	<u>\$ 10,352,450</u>	<u>\$ 7,067,613</u>	<u>\$ 10,763,526</u>	<u>\$ 28,183,589</u>	<u>\$ 25,103,577</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 14,513,348</u></u>	<u><u>\$ 7,074,763</u></u>	<u><u>\$ 10,763,526</u></u>	<u><u>\$ 32,351,637</u></u>	<u><u>\$ 29,086,118</u></u>

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

	Unrestricted			Temporarily Restricted					Permanently Restricted	2017 Total	2016 Total
	Operating	Board Designated	Total	Operating	Special Projects	Theater Fund	Endowment Income	Total			
<b>INCOME</b>											
Public Support											
Wisconsin Arts Board	\$ 32,500	\$ ---	\$ 32,500	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 32,500	\$ 17,500
Milwaukee County	---	---	---	48,139	---	---	---	48,139	---	48,139	53,018
NEA Grant	20,000	---	20,000	---	---	---	---	---	---	20,000	35,000
City of Milwaukee	---	---	---	---	---	---	---	---	---	---	14,000
UPAF Grant	1,713,480	---	1,713,480	---	---	---	---	---	---	1,713,480	1,608,572
Foundations	501,247	---	501,247	197,000	1,173	3,959	---	202,132	492,113	1,195,492	703,316
Corporate Grants	115,487	---	115,487	192,709	2,500	---	---	195,209	---	310,696	431,575
Contributions	919,579	51,136	970,715	511,439	65,595	---	---	577,034	618,959	2,166,708	3,474,902
Fundraising Events											
Income	305,119	---	305,119	4,424	---	---	---	4,424	---	309,543	391,433
Expense	(138,527)	---	(138,527)	---	---	---	---	---	---	(138,527)	(110,690)
In-Kind Income (NOTE N)	18,276	417	18,693	---	---	---	---	---	---	18,693	2,727
Net Assets Released from Restrictions	1,715,825	81,125	1,796,950	(933,257)	(414,694)	(188,999)	(260,000)	(1,796,950)	---	---	---
Total Public Support	\$ 5,202,986	\$ 132,678	\$ 5,335,664	\$ 20,454	\$ (345,426)	\$ (185,040)	\$ (260,000)	\$ (770,012)	\$ 1,111,072	\$ 5,676,724	\$ 6,621,353
Earned Income											
Box Office Income	\$ 6,609,830	\$ ---	\$ 6,609,830	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 6,609,830	\$ 5,863,123
Coproduction Income	---	---	---	---	---	---	---	---	---	---	34,286
Concessions Sales - Net of Cost	453,648	---	453,648	---	---	---	---	---	---	453,648	440,112
Education Programs	71,045	---	71,045	---	---	---	---	---	---	71,045	76,550
Ticket Handling	144,254	---	144,254	---	---	---	---	---	---	144,254	148,426
Building Restoration Fee	---	165,280	165,280	---	---	---	---	---	---	165,280	141,284
Other Earned Income	108,434	---	108,434	---	---	---	---	---	---	108,434	202,252
Investment Income (NOTE D)	32,275	15,277	47,552	275	---	21,639	1,451,831	1,473,745	---	1,521,297	(49,395)
Total Earned Income	\$ 7,419,486	\$ 180,557	\$ 7,600,043	\$ 275	\$ ---	\$ 21,639	\$ 1,451,831	\$ 1,473,745	\$ ---	\$ 9,073,788	\$ 6,856,638
Total Income	\$ 12,622,472	\$ 313,235	\$ 12,935,707	\$ 20,729	\$ (345,426)	\$ (163,401)	\$ 1,191,831	\$ 703,733	\$ 1,111,072	\$ 14,750,512	\$ 13,477,991
<b>EXPENSES</b>											
Program Services											
Artistic	\$ 2,464,170	\$ ---	\$ 2,464,170	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,464,170	\$ 2,360,230
Education Programs	600,397	---	600,397	---	---	---	---	---	---	600,397	478,809
Production	3,162,603	---	3,162,603	---	---	---	---	---	---	3,162,603	2,832,934
Marketing	2,009,052	---	2,009,052	---	---	---	---	---	---	2,009,052	1,694,398
Concessions	399,553	---	399,553	---	---	---	---	---	---	399,553	376,715
Facilities	681,208	---	681,208	---	---	---	---	---	---	681,208	673,066
Administrative and General	912,086	---	912,086	---	---	---	---	---	---	912,086	918,158
Development	657,039	132,679	789,718	---	---	---	---	---	---	789,718	690,540
Total Expenses Without Depreciation	\$ 10,886,108	\$ 132,679	\$ 11,018,787	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 11,018,787	\$ 10,024,850
CHANGE IN NET ASSETS BEFORE DEPRECIATION	\$ 1,736,364	\$ 180,556	\$ 1,916,920	\$ 20,729	\$ (345,426)	\$ (163,401)	\$ 1,191,831	\$ 703,733	\$ 1,111,072	\$ 3,731,725	\$ 3,453,141
Depreciation	651,713	---	651,713	---	---	---	---	---	---	651,713	605,012
CHANGE IN NET ASSETS AFTER DEPRECIATION	\$ 1,084,651	\$ 180,556	\$ 1,265,207	\$ 20,729	\$ (345,426)	\$ (163,401)	\$ 1,191,831	\$ 703,733	\$ 1,111,072	\$ 3,080,012	\$ 2,848,129
Net Assets, Beginning of Year	7,168,440	1,918,803	9,087,243	1,628,267	1,601,751	870,816	2,263,046	6,363,880	9,652,454	25,103,577	22,255,448
Transfers	(1,250,354)	1,250,354	---	(44,937)	44,937	---	---	---	---	---	---
NET ASSETS, END OF YEAR	\$ 7,002,737	\$ 3,349,713	\$ 10,352,450	\$ 1,604,059	\$ 1,301,262	\$ 707,415	\$ 3,454,877	\$ 7,067,613	\$ 10,763,526	\$ 28,183,589	\$ 25,103,577

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,080,012	\$ 2,848,129
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	651,713	605,012
Realized/Unrealized (Gain) Loss on Investments (NOTE D)	(1,184,639)	331,040
(Increase) Decrease in Interest Receivable	(4,319)	(3,254)
(Increase) Decrease in Pledges Receivable	928,776	(1,763,820)
(Increase) Decrease in Other Receivables	102,199	(130,317)
(Increase) Decrease in Inventory	(10,015)	1,181
(Increase) Decrease in Prepaid Expenses	(57,569)	(35,493)
Increase (Decrease) in Accounts Payable	(51,230)	221,265
Increase (Decrease) in Deferred Revenue	236,737	412,355
	<u>\$ 3,691,665</u>	<u>\$ 2,486,098</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (502,612)	\$ (886,205)
Proceeds from Sale of Investments	5,766,071	2,483,211
Purchase of Investments	(6,906,522)	(4,520,687)
	<u>\$ (1,643,063)</u>	<u>\$ (2,923,681)</u>
Net Cash Used by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,048,602	\$ (437,583)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,492,940</u>	<u>2,930,523</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,541,542</u>	<u>\$ 2,492,940</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 83	\$ 66
Donated Stock	866,170	141,431

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**(With Summarized Totals for June 30, 2016)**



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE A - Summary of Significant Accounting Policies**

**A-1 Organization**

The Milwaukee Repertory Theater, Inc. ("The Rep") is an organization which presents theatrical performances to the public. The mission is to ignite positive change in the cultural, social, and economic vitality of its community by creating world-class theater experiences that entertain, provoke, and inspire meaningful dialogue among an audience representative of Milwaukee's rich diversity.

**A-2 Combined Financial Statements**

The accompanying combined financial statements include the accounts of Milwaukee Repertory Theater, Inc. and Friends of Milwaukee Repertory Theater, Inc. LLC. Friends of Milwaukee Repertory Theater, Inc. LLC donates thousands of hours of volunteer time and effort to assure that "The Rep" has the resources to maintain its artistic standards and meet its financial objectives.

**A-3 Accounting Method**

The accompanying combined financial statements of the Milwaukee Repertory Theater, Inc. have been prepared on the accrual basis of accounting.

**A-4 Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**A-5 Pledges Receivable**

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

**A-6 Loan Receivable**

Loan receivable is stated at the unpaid balance. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. There is no allowance on this loan as management believes it is fully collectable at any time.

**A-7 Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Fixed asset additions in excess of \$2,500 are capitalized.

**A-8 Investments**

Investments consist of marketable debt and equity securities, real estate partnership and certificates of deposit which are carried at fair market value.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**A-9 Inventory**

Inventory is valued at cost.

**A-10 Board Designated Net Assets**

The Board of Directors has designated certain resources as available for use for purposes at the discretion of the Board of the Theater. The Board Designated Net Assets consists of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Cash Reserve Fund	\$2,468,421	\$1,369,099
Building Reserve Fund	<u>881,292</u>	<u>549,704</u>
Total Board Designated Net Assets	<u>\$3,349,713</u>	<u>\$1,918,803</u>

**A-11 Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

At June 30, 2017, the Organization had \$707,415 of temporarily purpose-restricted net assets, \$6,360,198 of temporarily time- and purpose-restricted net assets and \$10,763,526 of permanently restricted net assets. At June 30, 2016, the Organization had \$870,818 of temporarily purpose-restricted net assets, \$5,493,062 of temporarily time- and purpose-restricted net assets and \$9,652,454 of permanently restricted net assets.

The temporarily restricted net assets consists of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Operating	\$1,556,607	\$1,579,434
Rose Pickering Fund	11,034	11,616
Larry Shue Fund	36,418	37,220
Theater Fund	707,415	870,818
Special Projects	1,301,262	1,601,752
Endowment Income	<u>3,454,877</u>	<u>2,263,040</u>
Total Temporarily Restricted Net Assets	<u>\$7,067,613</u>	<u>\$6,363,880</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**A-12 Contributions**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**A-13 Advertising Costs**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

**A-14 Estimates**

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

**NOTE B - Comparative Financial Information**

The financial information shown for 2016 in the accompanying financial statements is included to provide a basis for comparison with 2017 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

For comparability, certain 2016 amounts have been reclassified to conform with classifications adopted in 2017. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

**NOTE C - Concentration of Credit Risk**

The Organization maintains cash and cash equivalent balances. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017, the total uninsured balance was \$174,188.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE D - Investments**

Investments as of June 30, 2017, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$11,568,030
Equities	782,492
Real Estate Fund	1,220,659
Senior Secured Loan Fund	634,529
Certificates of Deposit less than one year:	
Actors Federal Credit Union	133,860
Charles Schwab, various banks	1,473,321
Certificates of Deposit greater than one year:	
Charles Schwab, various banks	701,026
US Treasury Notes:	
Less than one year	1,227,049
Greater than one year	<u>100,203</u>
Total	<u>\$17,841,169</u>
Investments - Current	\$ 8,003,842
Investments - Long-Term	<u>9,837,327</u>
Total Investments	<u>\$17,841,169</u>

Investments as of June 30, 2016, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$ 9,931,551
Equities	683,369
Real Estate Fund	1,148,456
Certificates of Deposit less than one year:	
Actors Federal Credit Union	143,062
Charles Schwab, various banks	1,674,668
Certificates of Deposit greater than one year:	
Charles Schwab, various banks	929,862
US Treasury Notes:	
Less than one year	600,938
Greater than one year	<u>404,173</u>
Total	<u>\$15,516,079</u>
Investments - Current	\$ 6,979,028
Investments - Long-Term	<u>8,537,051</u>
Total Investments	<u>\$15,516,079</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE D - Investments (continued)**

Investments are stated at fair market value. Aggregate cost, aggregate fair market value, and gross unrealized gain (loss) as of June 30, 2017 and 2016, are summarized as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Market Value</u>	<u>Gross Unrealized Gain</u>
2017	\$16,515,594	\$17,841,169	\$1,325,575
2016	\$15,063,550	\$15,516,079	\$452,529

Investment (loss) income for the year ended June 30, is as follows:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 298,068	\$ 255,557
Capital Gains Distributions	38,590	26,095
Realized Gain	311,592	17,207
Unrealized Gain (Loss)	<u>873,047</u>	<u>(348,254)</u>
Total	\$1,521,297	\$ (49,395)
Less: Non-Operating		
Investment Income (Loss)	<u>1,489,022</u>	<u>(65,888)</u>
Operating Investment		
Income	<u>\$ 32,275</u>	<u>\$ 16,493</u>

Investment income from the Cash Reserve is board designated for special projects. Investment income from the Building Replacement and Theater Funds is restricted to capital purchases and building maintenance. Investment income from the Larry Shue Fund is restricted to supporting intern programs. Investment Income from the Endowment funds is released to operations based on the Board's disbursement policy.

**NOTE E - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE E - Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 782,492	\$ 782,492	\$ ---	\$ ---
Mutual Funds	11,568,030	11,568,030	---	---
US Treasury Notes	1,327,252	1,327,252	---	---
CDs	2,308,207	---	2,308,207	---
Real Estate Fund	1,220,659	---	---	1,220,659
Senior Secured Loan	<u>634,529</u>	<u>---</u>	<u>---</u>	<u>634,529</u>
Total	<u>\$17,841,169</u>	<u>\$13,667,774</u>	<u>\$2,308,207</u>	<u>\$1,855,188</u>

The Organization's real estate fund is managed by American Core Realty Fund, LP. The fair values of the real estate fund is measured based on the statement provided by the American Core Realty Fund, LP. The table below presents information about recurring fair value measurement for the real estate fund (level 3 measurements):

	<u>2017</u>	<u>2016</u>
Beginning Net Asset Value as of July 1	\$1,148,456	\$1,049,553
Purchase	---	---
Investment Income	57,238	53,289
Fees	---	---
Income - Reinvested	57,238	53,289
Unrealized Gain or Loss	<u>14,965</u>	<u>45,614</u>
Ending Net Asset Value as of June 30	<u>\$1,220,659</u>	<u>\$1,148,456</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE E - Fair Value Measurements (continued)**

The Organization's senior secured loan fund is managed by State Street Fund Service Toronto, Inc. The fair values of the senior secured loan fund is measured based on the statement provided by the State Street Fund Service Toronto, Inc. The table below presents information about recurring fair value measurement for the senior secured loan fund (level 3 measurements):

	<u>2017</u>	<u>2016</u>
Beginning Net Asset Value as of July 1	\$ ---	\$ ---
Purchase	600,000	---
Investment Income	---	---
Fees	---	---
Income - Reinvested	---	---
Unrealized Gain or Loss	<u>34,529</u>	<u>---</u>
Ending Net Asset Value as of June 30	<u>\$ 634,529</u>	<u>\$ ---</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets ( <u>Level 1</u> )	Significant Other Observable Inputs ( <u>Level 2</u> )	Significant Unobservable Inputs ( <u>Level 3</u> )
Equities	\$ 683,369	\$ 683,369	\$ ---	\$ ---
Mutual Funds	9,931,551	9,931,551	---	---
CDs	2,747,593	---	2,747,593	---
Real Estate Fund	<u>1,148,456</u>	<u>---</u>	<u>---</u>	<u>1,148,456</u>
Total	<u>\$15,516,079</u>	<u>\$11,620,030</u>	<u>\$2,747,593</u>	<u>\$1,148,456</u>

**NOTE F - Investments - Donor-designated Endowment**

**Interpretation of Relevant Law**

UPMIFA requires that the portion of a donor-restricted endowment fund that is classified as permanently restricted net assets is not reduced by losses on the investment of the fund, except to the extent required by the donor. Likewise, the amount of permanently restricted net assets is not reduced by an organization's appropriations from the fund. The portion of the fund that is not classified as permanently restricted net assets is reported as temporarily restricted net assets until appropriated for expenditure by the Organization.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE F - Investments - Donor-designated Endowment (continued)**

**Endowment Investment and Spending Policies**

The Organization has adopted the following investment, acceptable investment, and risk and spending policies. These policies were updated during June 2013. Below is a summary of these policies:

**Summarized Investment Policy**

The Investment Advisors will make recommendations to the Investment Committee on investment matters, including selection of investment alternatives and investment managers. The Investment Committee will establish the allocation of assets of the funds according to the detailed parameters and considerations described in the current investment policy adopted by the Board of Directors. The Investment Committee will review the allocations at least quarterly. The portfolio will be rebalanced as market movements or cash payments in to or out of the funds transpire, taking into consideration liquidity limitations.

**Summarized Investment Policy (continued)**

The Investment Committee and the Investment Advisors should not engage in short-term market timing.

**A. Cash Reserve Fund**

Since the Cash Reserve Fund is available for operating shortfalls, the Cash Reserve Fund will be managed separately in a combination of money market, short and intermediate bonds, and equity funds.

**B. Building Reserve Fund and Theater Fund**

These funds are intended to serve as the funding vehicle for building and theater maintenance and capital improvements. An amount equal to the next two years estimated net expenditures will be maintained in fixed income securities and the remaining in a balanced portfolio of fixed income and equity funds designed to maximize income consistent with preserving capital.

**C. Enhancement Fund**

The overall investment objective is to maximize the total return consistent with the preservation of principal and the guidelines established herein. The fund will be managed separately in a combination of bonds, bond funds, mutual funds, and non-traditional investments.

**Disbursement Policy**

The Rep will attempt to notify the Investment Advisor(s) or managers 30 days prior to any disbursement being required.

**A. Cash Reserve Fund**

The Cash Reserve Fund will be available as needed for Rep operations at the discretion of the Finance Committee.



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE F - Investments - Donor-designated Endowment (continued)**

**B. Building Reserve Fund and Theater Fund**

The Building Reserve Fund and Theater Fund will be disbursed as follows:

1. Disbursements are to be made for the periodic upkeep and renewal of the physical structure. The expected types of disbursement would include, but are not limited to: painting, sound insulation, replacement of roof, carpeting, furniture, fixtures, equipment, floors and windows; and maintenance of floors, windows, historic restoration, and exterior walls.
2. Disbursements from the Theater Fund will be made against a five-year rolling schedule (see I.B).
3. There is no intention or requirement to maintain the principal contributions in whole. Both principal and earnings will be available for distribution.

**C. Enhancement Fund**

The Enhancement Fund will be disbursed as follows:

1. Annual disbursement will be an amount representing between 3% and 5% of the adjusted rolling 5 year average fund balance as of June 30th, with a targeted annual disbursement of 4%. However, in no case may any amounts be disbursed from the contributed principal of the Enhancement Fund. The adjusted rolling average is intended to give immediate effect to principal payments, while averaging out income variations. It is defined as the cumulative principal payments plus the 5-year rolling average of cumulative unexpended income (investment income - disbursements).
2. Management shall present to the Finance Committee of the Rep the specific amount requested for a year. The Finance Committee will then review and present the request to the Board for approval.
3. Actual disbursements against the approved amount will be made at least quarterly.
4. There will be no advances, in a current year, of funds not available until a future year.
5. Management may request, with the approval of the Board, that amounts available for disbursement in one year be carried forward to future years to fund a specific project or program.

The Organization's endowment by net asset class at the end of the period, in total and by type of endowment fund, shows donor-restricted endowment funds separately from board-designated endowment funds.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE F - Investments - Donor-designated Endowment (continued)**

Endowment net asset composition by type of fund as of June 30, 2017, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Donor-Restricted Endowment Funds	\$ ---	\$4,209,743	\$10,763,526	\$14,973,269
Total Endowment Funds	<u>\$ ---</u>	<u>\$4,209,743</u>	<u>\$10,763,526</u>	<u>\$14,973,269</u>

Endowment net asset composition by type of fund as of June 30, 2016, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Donor-Restricted Endowment Funds	\$ ---	\$3,182,697	\$9,652,454	\$12,835,151
Total Endowment Funds	<u>\$ ---</u>	<u>\$3,182,697</u>	<u>\$9,652,454</u>	<u>\$12,835,151</u>

Changes in endowment net assets as of June 30, 2017, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$3,182,697	\$9,652,454	\$12,835,151
Contributions	---	3,958	1,111,072	1,115,030
Investment Income	---	1,473,745	---	1,473,745
Amounts Appropriated for Expenditure	<u>---</u>	<u>(450,657)</u>	<u>---</u>	<u>(450,657)</u>
Endowment Net Assets, End of Year	<u>\$ ---</u>	<u>\$4,209,743</u>	<u>\$10,763,526</u>	<u>\$14,973,269</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE F - Investments - Donor-designated Endowment (continued)**

Changes in endowment net assets as of June 30, 2016, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$3,605,884	\$8,559,551	\$12,165,435
Contributions	---	2,286	1,092,903	1,095,189
Investment Loss	---	(77,823)	---	(77,823)
Amounts Appropriated for Expenditure	---	(347,650)	---	(347,650)
Endowment Net Assets, End of Year	<u>\$ ---</u>	<u>\$3,182,697</u>	<u>\$9,652,454</u>	<u>\$12,835,151</u>

**NOTE G - Pledges Receivable**

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2017, as follows:

Pledges Receivable	\$2,399,505
Less: PV discount on Pledges Receivable	(59,749)
Less: Allowance for Doubtful Accounts	<u>(23,759)</u>
Net Pledges Receivable	<u>\$2,315,997</u>
Pledges Receivable - Current	\$1,205,445
Pledges Receivable - Long-Term	<u>1,110,552</u>
Net Pledges Receivable	<u>\$2,315,997</u>

Present Value Discount was calculated at the rate of 2.75% on June 30, 2017.

Future expected receipts are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$1,229,204
2019	481,733
2020	346,817
2021	270,551
2022	69,200
Thereafter	<u>2,000</u>
Total Future Expected Receipts	<u>\$2,399,505</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE G - Pledges Receivable (continued)**

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2016, as follows:

Pledges Receivable	\$3,310,912
Less: PV discount on Pledges Receivable	(56,139)
Less: Allowance for Doubtful Accounts	<u>(10,000)</u>
Total	<u>\$3,244,773</u>

**NOTE H - Loan Receivable**

As of June 30, 2017 and 2016, the Organization had a loan receivable in the amount of \$12,173. The receivable is payable upon the demand of the Organization, unless the borrower becomes subject to bankruptcy or insolvency proceedings. There is no prepayment penalty or payment schedule for this receivable. The loan is unsecured at 0% interest rate that is not subject to any fees. There is no allowance on this loan as management believes it is fully collectable at any time. No amount is past due.

**Credit Quality Indicators**

The Organization has established the following indicator for the only current loan receivable. Low Risk - Unimpaired loans are defined as loans to an affiliate member organization that is fiscally sound. If additional loans are extended the Organization will add additional Credit Quality Indicators as needed.

Loan receivable as of June 30, 2017 and 2016, is as follows:

<u>Loan Type</u>	<u>Loan Receivable</u>	<u>Allowance Amount</u>
Low Risk - Unimpaired	<u>\$12,173</u>	\$ ---
Total	<u>\$12,173</u>	<u>\$ ---</u>

**NOTE I - Inventory**

Inventory as of June 30, consists of the following:

<u>Inventory Item</u>	<u>2017</u>	<u>2016</u>
Food and Beverage	\$22,464	\$20,058
Merchandise	8,156	8,696
Supplies	<u>20,630</u>	<u>12,481</u>
Total	<u>\$51,250</u>	<u>\$41,235</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
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**NOTE J - Fixed Assets**

<u>At Cost:</u>	<u>2017</u>	<u>2016</u>
Building and Improvements	\$ 14,192,665	\$ 14,177,560
Building Foundation Improvements	1,546,794	1,546,794
River Walk	413,349	413,349
Theater Fixtures	893,265	893,265
Scenic Elements	682,350	954,420
Computer Equipment	1,097,059	1,009,363
Furniture and Equipment	2,138,377	1,990,905
Vehicles	45,588	45,588
Construction in Progress	---	415,780
Total Fixed Assets	\$ 21,009,447	\$ 21,447,027
Less: Accumulated Depreciation	<u>(14,026,976)</u>	<u>(14,315,452)</u>
Net Fixed Assets	<u>\$ 6,982,471</u>	<u>\$ 7,131,572</u>

**NOTE K - Deferred Revenue**

Deferred revenue as of June 30, consists of the following:

	<u>2017</u>	<u>2016</u>
(1) Ticket Sales	\$3,131,178	\$3,010,997
(2) Gift Certificates	56,523	45,265
(3) Flex Passes	140,700	123,840
(4) Other Funds	<u>223,048</u>	<u>134,610</u>
Totals	<u>\$3,551,449</u>	<u>\$3,314,712</u>

**Ticket Sales**

The Milwaukee Repertory Theater, Inc. defers recognition of advance season ticket sales until the conclusion of each performance during the subsequent season, at which time the sales are credited to revenue.

**Other Funds**

These amounts represent funds received in the current year that are to be recognized in the subsequent period.

**NOTE L - Operating Lease**

The Organization has an operating lease for warehouse space which provides for monthly rental payments. The original term of the lease expired in 2014 and continues on a month-to-month basis with annual increases in rent of 3%, currently at \$2,029 per month. Rental expense for this warehouse for the year ended June 30, 2017, was \$23,990.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE L - Operating Lease (continued)**

The Organization entered into a five-year agreement to rent out theater space under an operating lease that expires on December 2020. The annual rental fee is the greater of \$140,000 or 16% of gross admission revenue. In addition, the Organization is required to pay an annual historic preservation fee. Rental expense for the year ended June 30, 2017, was \$271,301.

The following is a schedule by years of the future minimum payments required under the lease as of June 30, 2017:

<u>Year</u>	<u>Amount</u>
2018	\$160,000
2019	165,000
2020	170,000
2021	<u>172,500</u>
Total	<u>\$667,500</u>

**NOTE M - Lines of Credit**

The Organization has a \$750,000 line of credit with an interest rate of LIBOR plus 2.75% and collateralized by all business assets. The note does not have a maturity date, however, the lender may demand payment upon 90 days' notice to borrower at any time prior to payment in full and for any reason or no reason. No funds were drawn on the line during the years ended June 30, 2017 and 2016.

**NOTE N - In-Kind Income**

The Organization received \$18,693 and \$2,727 of in-kind donations of hotel rooms and equipment rentals for the years ended June 30, 2017 and 2016, respectively. These donations were recorded as revenue and expenses at estimated fair market value.

**NOTE O - Pension Plans**

Employees are covered by several different plans. These plans include five multiemployer defined benefit pension plans, a multiemployer defined contribution pension plan, and a tax sheltered annuity plan.

Equity actors and stage managers belonging to Actors Equity Association are covered by a union pension plan administered by the Equity League Pension and Welfare Trust. The theater pays 8% of the actor's salary for pension benefits. The theater also contributed a percentage, ranging from 0.5% to 1.25%, of minimum weekly salaries to the defined contribution Equity-League 401(k) Trust Fund for the Equity members.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE O - Pension Plans (continued)**

The defined benefit pension plan, Stage Employees Local No. 18 Retirement Plan, for the stagehands is administered by the Milwaukee Theatrical Stage Employees. The theater pays 12% of the stagehands' salary for pension coverage.

The pension plan for the directors is the SDC - League Pension Fund. The theater pays 6% of the director's salary for pension coverage.

The pension plan for the designers is the United Scenic Artists Local 829 Pension Fund. The theater pays 9% of the designer's salary for pension coverage.

Operating engineers are covered by the Central Pension Fund of the International Union Of Operating Engineers and Participating Employers. The theater pays 7% of regular hourly pay.

Full-time, full-season, and year-round employees not covered under a union sponsored pension plan are eligible to participate in the Milwaukee Repertory Theater, Inc.'s tax-sheltered annuity plan. Under this plan, beginning in their third consecutive year of full-time employment, Milwaukee Repertory Theater, Inc. contributes a percentage of regular earnings, as approved by the Board of Directors, to a tax-deferred annuity account for the employee. During the year ended June 30, 2017, Milwaukee Repertory Theater, Inc. made contributions of 6.0% of gross salary to the annuity fund.

Total pension plan contributions for the fiscal year ended June 30, 2017, were \$289,554.

As noted above, the Organization contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

**NOTE O - Pension Plans (continued)**

The Organization's participation in these plans for the annual period ended June 30, 2017, is outlined in the table below. The "EIN/Pension Plan #" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available is for the plan's fiscal year-end noted below. The zone status is based on information that the Organization received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The second to last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. None of the union contracts require minimum contributions to a plan. Employer contributions are not greater than 5% of any total plan contributions per the plan's most recently available annual report.

Multiemployer defined benefit pension plans are abbreviated as follows:

<u>Plan</u>	<u>Abbreviation</u>
Stage Employees Local No. 18 Retirement Plan	Stage
The Equity - League Pension Plan	Equity
SDC - League Pension Fund	SDC
United Scenic Artists Local 829 Pension Fund	USA
Central Pension Fund of the International Union Of Operating Engineers and Participating Employers	Engineers

Pension Fund	EIN/Pension Plan #	PPA Zone Status 2014	FIP/RP Status Pending/ Implemented	Contributions in current year	Surcharge Imposed	Expiration Date	Fiscal Year end
Stage	39-622-4262-001	Green	None	\$86,645	No	6/30/19	Dec
Equity	13-6696817-001	Green	None	58,955	No	2/13/22	May
SDC	13-6634482-001	Yellow	Yes	4,850	No	4/14/22	Aug
USA	13-1982707-001	Green	None	14,340	No	6/30/22	Dec
Engineers	36-6052390-001	Green	None	11,712	No	6/30/18	Jan

**NOTE P - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2017, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE Q - Special Projects**

The Theater expanded its fund-raising efforts to raise additional funds, in fiscal year 2016, for its permanently restricted endowment fund and for a new temporarily restricted Special Projects Fund for the creation of a new production of *A Christmas Carol* to debut in December 2016, a New Play Development Program, and the Theater's Community Engagement Programs. Temporarily restricted net assets of the Special Projects Fund as of June 30, 2017 and 2016, were \$1,301,262 and \$1,601,751, respectively.

**NOTE R - Subsequent Events**

The Organization has evaluated events and transactions occurring after June 30, 2017, the date of the most recent balance sheet, through the date financial statements are available to be issued, November 3, 2017, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**SCHEDULE OF UNRESTRICTED FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

	Artistic	Education	Production	Marketing	Concessions	Facilities	Administrative and General	Development	2017 Total	2016 Total
<b>EXPENSES</b>										
<b>PERSONNEL</b>										
Salaries and Fees	\$ 1,341,298	\$ 291,255	\$ 1,797,590	\$ 521,316	\$ 261,733	\$ 194,326	\$ 456,593	\$ 479,109	\$ 5,343,220	\$ 4,958,983
Payroll Taxes	125,286	28,722	225,595	61,456	50,129	20,207	43,333	41,510	596,238	563,786
Pension and Welfare	264,744	43,051	413,349	62,447	30,091	27,473	96,256	53,584	990,995	917,959
Travel, Housing and Per Diem	196,320	102,311	7,275	---	---	---	556	417	306,879	294,999
Other Personnel	6,060	51,584	1,922	710	445	---	8,195	700	69,616	54,836
Total Personnel	<u>\$ 1,933,708</u>	<u>\$ 516,923</u>	<u>\$ 2,445,731</u>	<u>\$ 645,929</u>	<u>\$ 342,398</u>	<u>\$ 242,006</u>	<u>\$ 604,933</u>	<u>\$ 575,320</u>	<u>\$ 7,306,948</u>	<u>\$ 6,790,563</u>
<b>OTHER EXPENSES</b>										
Travel and Conferences	\$ 35,780	\$ 21,974	\$ 11,697	\$ 3,693	\$ 47	\$ 263	\$ 11,626	\$ 7,559	\$ 92,639	\$ 88,508
Equipment	2,333	7,805	135,279	2,577	17,483	93,524	14,466	1,945	275,412	273,987
IT Equipment and Service	105	155	6,298	117,249	2,399	---	85,701	---	211,907	176,860
Hospitality and Programs	1,992	19,872	2,853	14,680	---	---	9,932	53,919	103,248	83,935
Insurance	---	---	---	---	---	---	47,734	---	47,734	45,064
Materials and Supplies	7,420	5,629	208,213	33,141	18,727	35,379	9	564	309,082	312,449
Office and Miscellaneous	2,112	2,444	5,005	7,963	1,903	338	38,511	2,746	61,022	66,592
Postage and Mailing Services	139	16	12,998	117,911	3	---	4,105	14,909	150,081	113,815
Printing and Signage	---	1,299	920	175,314	408	---	1,244	22,006	201,191	156,797
Professional Services	7,983	23,630	4,142	142,848	---	96,406	57,616	35,157	367,782	367,274
Telephone, Fax and Internet	1,150	---	19	2,113	---	1,529	24,149	---	28,960	23,296
Interest Expense	---	---	---	---	---	---	83	---	83	66
Advertising (NOTE A-13)	---	---	---	417,315	---	---	---	---	417,315	350,414
Bank and Credit Card Fees	---	---	---	172,748	15,460	---	11,977	19,548	219,733	183,462
Telemarketing Commissions	---	---	---	155,571	---	---	---	56,045	211,616	163,712
Coproduction Expense	60,787	---	58,945	---	---	---	---	---	119,732	34,435
Royalties	408,338	---	---	---	---	---	---	---	408,338	375,900
Repairs and Maintenance	---	---	---	---	725	41,105	---	---	41,830	61,965
Rent	2,323	650	270,503	---	---	---	---	---	273,476	179,142
Utilities	---	---	---	---	---	170,658	---	---	170,658	176,614
Depreciation	---	---	---	---	---	651,713	---	---	651,713	605,012
Total Other Expenses	<u>\$ 530,462</u>	<u>\$ 83,474</u>	<u>\$ 716,872</u>	<u>\$ 1,363,123</u>	<u>\$ 57,155</u>	<u>\$ 1,090,915</u>	<u>\$ 307,153</u>	<u>\$ 214,398</u>	<u>\$ 4,363,552</u>	<u>\$ 3,839,299</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,464,170</u></u>	<u><u>\$ 600,397</u></u>	<u><u>\$ 3,162,603</u></u>	<u><u>\$ 2,009,052</u></u>	<u><u>\$ 399,553</u></u>	<u><u>\$ 1,332,921</u></u>	<u><u>\$ 912,086</u></u>	<u><u>\$ 789,718</u></u>	<u><u>\$ 11,670,500</u></u>	<u><u>\$ 10,629,862</u></u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
SCHEDULE OF UNRESTRICTED ACTIVITIES RECONCILED TO OPERATING BUDGET  
FOR THE YEAR ENDED JUNE 30, 2017**

Milwaukee Repertory Theater, Inc. budgets its operations on a traditional fund accounting basis. The Board of Directors makes certain resources available to the management for day-to-day operations and designates other resources for longer term purposes. A reconciliation of unrestricted functional operating revenue and expenses to operating results as budgeted follows:

Change in Unrestricted Operating Net Assets	\$ 1,084,651
Depreciation Expense	651,713
Purchase of Fixed Assets From Operating Resources	(105,169)
Theater Fund Resources Expended on Fixed Assets	(145,102)
Net Contributed Revenue for New Version of "A Christmas Carol"	(231,159)
Change in Present Value Discount on Pledges	(1,322)
Affiliate Activity (Friends of Milwaukee Repertory Theater, Inc.)	<u>(3,258)</u>
 NET OPERATING SURPLUS	 <u><u>\$ 1,250,354</u></u>