

MILWAUKEE REPERTORY THEATER, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Totals for the Year Ended June 30, 2022)

MILWAUKEE REPERTORY THEATER, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 30
Schedule of Without Donor Restricted Activities Reconciled to Operating Budget.....	31

Independent Auditor's Report

Board of Directors
Milwaukee Repertory Theater, Inc.

Opinion

We have audited the accompanying financial statements of Milwaukee Repertory Theater, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Repertory Theater, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Milwaukee Repertory Theater, Inc. and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Ritz Holman LLP

Serving business, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550
Milwaukee, WI 53202

t. 414.271.1451
f. 414.271.7464
ritzholman.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Milwaukee Repertory Theater, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Milwaukee Repertory Theater, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Milwaukee Repertory Theater, Inc.'s June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Milwaukee Repertory Theater, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of without donor restricted activities reconciled to operating budget is presented for purposes of additional analysis and is 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 17, 2023

MILWAUKEE REPERTORY THEATER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

ASSETS				
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
CURRENT ASSETS				
Cash and Cash Equivalents (NOTES A-3 and E)	\$ 6,180,668	\$ 190,550	\$ 6,371,218	\$ 10,963,687
Investments (NOTES A-6 and F-H)	11,303,366	19,848,056	31,151,422	14,278,903
Interest Receivable	146,675	---	146,675	2,202
Pledges Receivable (NOTES A-4 and I)	158,151	6,782,403	6,940,554	3,914,983
Other Receivables (NOTE J)	531,611	---	531,611	1,212,337
Inventory (NOTES A-7 and K)	79,024	---	79,024	81,332
Prepaid Expenses	442,195	---	442,195	327,187
Total Current Assets	<u>\$ 18,841,690</u>	<u>\$ 26,821,009</u>	<u>\$ 45,662,699</u>	<u>\$ 30,780,631</u>
INVESTMENTS (NOTES A-6 and F-H)	<u>\$ ---</u>	<u>\$ 11,651,031</u>	<u>\$ 11,651,031</u>	<u>\$ 10,577,372</u>
PLEDGES RECEIVABLE (NOTES A-4 and I)	<u>\$ ---</u>	<u>\$ 25,096,209</u>	<u>\$ 25,096,209</u>	<u>\$ 13,527,545</u>
Less: Current Portion of Pledges Receivable	<u>---</u>	<u>(6,782,403)</u>	<u>(6,782,403)</u>	<u>(3,914,983)</u>
Long-Term Pledges Receivable	<u>\$ ---</u>	<u>\$ 18,313,806</u>	<u>\$ 18,313,806</u>	<u>\$ 9,612,562</u>
FIXED ASSETS (NOTES A-5 and L)				
Total Fixed Assets	\$ 27,006,123	\$ ---	\$ 27,006,123	\$ 24,983,672
Less: Accumulated Depreciation	(18,848,820)	---	(18,848,820)	(17,996,238)
Net Fixed Assets	<u>\$ 8,157,303</u>	<u>\$ ---</u>	<u>\$ 8,157,303</u>	<u>\$ 6,987,434</u>
Due To/From Funds (NOTE D)	<u>\$ (1,017,554)</u>	<u>\$ 1,017,554</u>	<u>\$ ---</u>	<u>\$ ---</u>
TOTAL ASSETS	<u><u>\$ 25,981,439</u></u>	<u><u>\$ 57,803,400</u></u>	<u><u>\$ 83,784,839</u></u>	<u><u>\$ 57,957,999</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 759,676	\$ ---	\$ 759,676	\$ 664,212
Payroll Liabilities	441,064	---	441,064	550,001
Deferred Revenue (NOTE M)	3,427,929	---	3,427,929	3,198,530
Total Current Liabilities	<u>\$ 4,628,669</u>	<u>\$ ---</u>	<u>\$ 4,628,669</u>	<u>\$ 4,412,743</u>
Total Liabilities	<u>\$ 4,628,669</u>	<u>\$ ---</u>	<u>\$ 4,628,669</u>	<u>\$ 4,412,743</u>
NET ASSETS (NOTE A-10)				
Without Donor Restrictions				
Operating	\$ 8,181,310	\$ ---	\$ 8,181,310	\$ 7,011,368
Board Designated (NOTE A-8)	13,171,460	---	13,171,460	12,093,519
Total Net Assets Without Donor Restrictions	<u>\$ 21,352,770</u>	<u>\$ ---</u>	<u>\$ 21,352,770</u>	<u>\$ 19,104,887</u>
With Donor Restrictions	<u>\$ ---</u>	<u>\$ 57,803,400</u>	<u>\$ 57,803,400</u>	<u>\$ 34,440,369</u>
Total Net Assets	<u>\$ 21,352,770</u>	<u>\$ 57,803,400</u>	<u>\$ 79,156,170</u>	<u>\$ 53,545,256</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 25,981,439</u></u>	<u><u>\$ 57,803,400</u></u>	<u><u>\$ 83,784,839</u></u>	<u><u>\$ 57,957,999</u></u>

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

MILWAUKEE REPERTORY THEATER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions			With Donor Restrictions						2023 Total	2022 Total
	Operating	Board Designated	Total	Operating	Special Projects	Capital Campaign	Endowment Income	Permanently Restricted	Total		
INCOME											
Public Support											
State of Wisconsin	\$ 46,520	\$ ---	\$ 46,520	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 46,520	\$ 42,500
Milwaukee County	30,099	---	30,099	---	---	---	---	---	---	30,099	39,791
NEA Grant	20,000	---	20,000	---	---	---	---	---	---	20,000	35,000
City of Milwaukee	---	---	---	6,530	---	---	---	---	6,530	6,530	5,286
UPAF Grant	1,587,277	---	1,587,277	---	---	7,424	---	---	7,424	1,594,701	2,468,663
Foundations	438,174	---	438,174	320,000	200,000	1,752,803	---	---	2,272,803	2,710,977	5,359,436
Corporate Grants	241,525	---	241,525	129,259	---	7,972,228	---	---	8,101,487	8,343,012	2,408,728
Contributions	1,578,078	---	1,578,078	1,004,765	189,137	14,798,100	---	12,817	16,004,819	17,582,897	10,329,597
In-Kind Income	8,739	---	8,739	---	---	---	---	---	---	8,739	---
Fundraising Events											
Income	492,748	---	492,748	25,055	---	---	---	---	25,055	517,803	704,467
Expense	(306,029)	---	(306,029)	---	---	---	---	---	---	(306,029)	(449,073)
Net Assets Released from Restrictions	4,483,201	(273,928)	4,209,273	(967,534)	(551,216)	(1,748,523)	(942,000)	---	(4,209,273)	---	---
Total Public Support	\$ 8,620,332	\$ (273,928)	\$ 8,346,404	\$ 518,075	\$ (162,079)	\$ 22,782,032	\$ (942,000)	\$ 12,817	\$ 22,208,845	\$ 30,555,249	\$ 20,944,395
Earned Income											
Box Office Income	\$ 6,076,993	\$ ---	\$ 6,076,993	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 6,076,993	\$ 5,716,262
Coproduction Income	52,718	---	52,718	---	---	---	---	---	---	52,718	90,128
Concessions Sales - Net of Cost	596,785	---	596,785	---	---	---	---	---	---	596,785	525,720
Education Programs	135,992	---	135,992	---	---	---	---	---	---	135,992	61,821
Ticket Handling	97,764	---	97,764	---	---	---	---	---	---	97,764	104,285
Building Restoration Fee	---	227,792	227,792	---	---	---	---	---	---	227,792	240,250
Other Earned Income	56,418	---	56,418	---	---	---	---	---	---	56,418	177,197
Investment Income (Loss) (NOTE F)	135,817	1,113,795	1,249,612	---	---	278,419	1,358,958	---	1,637,377	2,886,989	(3,293,836)
Total Earned Income	\$ 7,152,487	\$ 1,341,587	\$ 8,494,074	\$ ---	\$ ---	\$ 278,419	\$ 1,358,958	\$ ---	\$ 1,637,377	\$ 10,131,451	\$ 3,621,827
Total Income Without COVID Grants	\$ 15,772,819	\$ 1,067,659	\$ 16,840,478	\$ 518,075	\$ (162,079)	\$ 23,060,451	\$ 416,958	\$ 12,817	\$ 23,846,222	\$ 40,686,700	\$ 24,566,222
EXPENSES											
Program Services											
Artistic	\$ 3,589,130	\$ ---	\$ 3,589,130	\$ ---	\$ ---	\$ 50,000	\$ ---	\$ ---	\$ 50,000	\$ 3,639,130	\$ 3,616,605
Education Programs	798,688	---	798,688	---	---	---	---	---	---	798,688	741,053
Production	3,612,361	5,541	3,617,902	---	---	---	---	---	---	3,617,902	3,687,055
Marketing	2,228,531	21,145	2,249,676	---	---	21,029	---	---	21,029	2,270,705	2,278,639
Concessions	492,789	---	492,789	---	---	---	---	---	---	492,789	499,939
Facilities	1,152,351	9,031	1,161,382	---	---	---	---	---	---	1,161,382	859,144
Administrative and General	650,889	501	651,390	---	---	71,425	---	---	71,425	722,815	1,234,047
Development	1,287,571	---	1,287,571	---	---	340,737	---	---	340,737	1,628,308	1,134,487
Total Expenses Without Depreciation	\$ 13,812,310	\$ 36,218	\$ 13,848,528	\$ ---	\$ ---	\$ 483,191	\$ ---	\$ ---	\$ 483,191	\$ 14,331,719	\$ 14,050,969
CHANGE IN NET ASSETS BEFORE COVID GRANTS AND DEPRECIATION	\$ 1,960,509	\$ 1,031,441	\$ 2,991,950	\$ 518,075	\$ (162,079)	\$ 22,577,260	\$ 416,958	\$ 12,817	\$ 23,363,031	\$ 26,354,981	\$ 10,515,253
Federal COVID Grants Revenue (NOTE N)	108,515	---	108,515	---	---	---	---	---	---	108,515	6,490,260
Depreciation Expense	(852,582)	---	(852,582)	---	---	---	---	---	---	(852,582)	(865,174)
CHANGE IN NET ASSETS AFTER COVID GRANTS AND DEPRECIATION	\$ 1,216,442	\$ 1,031,441	\$ 2,247,883	\$ 518,075	\$ (162,079)	\$ 22,577,260	\$ 416,958	\$ 12,817	\$ 23,363,031	\$ 25,610,914	\$ 16,140,339
Net Assets, Beginning of Year	7,011,368	12,093,519	19,104,887	2,516,291	2,098,014	14,660,278	3,328,991	11,836,795	34,440,369	53,545,256	37,404,917
Transfers	(46,500)	46,500	---	(586,990)	586,990	---	---	---	---	---	---
NET ASSETS, END OF YEAR	<u>\$ 8,181,310</u>	<u>\$ 13,171,460</u>	<u>\$ 21,352,770</u>	<u>\$ 2,447,376</u>	<u>\$ 2,522,925</u>	<u>\$ 37,237,538</u>	<u>\$ 3,745,949</u>	<u>\$ 11,849,612</u>	<u>\$ 57,803,400</u>	<u>\$ 79,156,170</u>	<u>\$ 53,545,256</u>

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

MILWAUKEE REPERTORY THEATER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Totals for the Year Ended June 30, 2022)

EXPENSES	Program Services						Administrative and General	Development	2023 Total	2022 Total
	Artistic	Education	Production	Marketing	Concessions	Facilities				
PERSONNEL										
Salaries and Fees	\$ 2,154,007	\$ 456,270	\$ 2,219,180	\$ 834,183	\$ 341,214	\$ 539,800	\$ 221,356	\$ 1,017,305	\$ 7,783,315	\$ 7,446,639
Payroll Taxes	137,460	35,115	191,976	74,285	44,937	44,846	18,371	61,550	608,540	559,902
Pension and Welfare	376,548	48,899	390,837	76,222	36,836	60,891	39,230	101,139	1,130,602	1,185,376
Travel, Housing and Per Diem	405,250	53,568	13,780	4,500	---	734	---	966	478,798	508,450
Other Personnel	3,032	114,780	5,225	6,062	5,650	8,550	529	2,585	146,413	177,514
Total Personnel	\$ 3,076,297	\$ 708,632	\$ 2,820,998	\$ 995,252	\$ 428,637	\$ 654,821	\$ 279,486	\$ 1,183,545	\$ 10,147,668	\$ 9,877,881
OTHER EXPENSES										
Travel and Conferences	\$ 27,695	\$ 21,631	\$ 3,285	\$ 6,895	\$ 188	\$ 13,128	\$ 138	\$ 21,810	\$ 94,770	\$ 49,226
Equipment	752	2,076	172,436	26,809	11,773	34,579	89,373	8,739	346,537	399,967
IT Equipment and Service	---	---	4,833	156,505	8,243	122,296	---	228	292,105	255,650
Hospitality and Programs	2,382	28,368	4,467	28,042	---	8,324	---	158,232	229,815	195,114
Insurance	---	872	---	---	---	140,057	---	---	140,929	64,263
Materials and Supplies	37,443	6,472	337,796	8,757	17,885	1,208	29,339	9,512	448,412	530,064
Office and Miscellaneous	5,943	3,935	11,900	8,281	2,736	21,356	1,205	6,614	61,970	80,666
Postage and Mailing Services	31	47	14,845	116,955	---	5,027	1,556	27,216	165,677	180,073
Printing and Signage	44	4,400	733	150,586	2,415	927	---	35,319	194,424	300,481
Professional Services	30,380	22,255	10,411	214,424	---	123,915	104,736	158,608	664,729	408,093
Telephone, Fax and Internet	1,254	---	---	3,630	---	32,310	1,556	---	38,750	30,157
Advertising (NOTE A-12)	---	---	---	364,009	---	---	---	---	364,009	304,337
Bank and Credit Card Fees	---	---	---	190,560	20,912	3,434	---	18,485	233,391	301,325
Royalties	448,022	---	---	---	---	---	---	---	448,022	477,321
Repairs and Maintenance	---	---	---	---	---	---	37,622	---	37,622	194,351
Rent	8,887	---	236,198	---	---	---	---	---	245,085	264,283
Utilities	---	---	---	---	---	---	177,804	---	177,804	137,717
Depreciation	---	---	---	---	---	852,582	---	---	852,582	865,174
Total Other Expenses	\$ 562,833	\$ 90,056	\$ 796,904	\$ 1,275,453	\$ 64,152	\$ 1,359,143	\$ 443,329	\$ 444,763	\$ 5,036,633	\$ 5,038,262
Subtotal	\$ 3,639,130	\$ 798,688	\$ 3,617,902	\$ 2,270,705	\$ 492,789	\$ 2,013,964	\$ 722,815	\$ 1,628,308	\$ 15,184,301	\$ 14,916,143
Special Event Expenses										
Rent and Facility	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 21,346	\$ 21,346	\$ 71,882
Food and Beverages	---	---	---	---	---	---	---	61,554	61,554	107,482
Entertainment	---	---	---	---	---	---	---	86,910	86,910	59,892
Supplies	---	---	---	---	---	---	---	9,906	9,906	19,310
Travel	---	---	---	---	---	---	---	46,282	46,282	30,574
Campaign Consultants & Labor	---	---	---	---	---	---	---	43,278	43,278	126,146
Other Expenses	---	---	---	---	---	---	---	36,753	36,753	33,787
Total Expenses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 306,029	\$ 306,029	\$ 449,073
Total	\$ 3,639,130	\$ 798,688	\$ 3,617,902	\$ 2,270,705	\$ 492,789	\$ 2,013,964	\$ 722,815	\$ 1,934,337	\$ 15,490,330	\$ 15,365,216

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

MILWAUKEE REPERTORY THEATER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 25,610,914	\$ 16,140,339
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	852,582	865,174
Paycheck Protection Program Loan Forgiveness (NOTE N)	---	(1,332,700)
Realized/Unrealized (Gain) Loss on Investments (NOTE F)	(1,824,705)	4,328,027
(Increase) Decrease in Interest Receivable	(144,473)	(1,826)
(Increase) Decrease in Pledges Receivable	(11,726,815)	(12,478,647)
(Increase) Decrease in Other Receivables	680,726	(571,908)
(Increase) Decrease in Inventory	2,308	(6,188)
(Increase) Decrease in Prepaid Expenses	(115,008)	18,953
Increase (Decrease) in Accounts Payable	95,464	234,698
Increase (Decrease) in Payroll Liabilities	(108,937)	244,294
Increase (Decrease) in Deferred Revenue	229,399	(401,508)
Net Cash Provided by Operating Activities	<u>\$ 13,551,455</u>	<u>\$ 7,038,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (2,022,451)	\$ (320,009)
Proceeds from Sale of Investments	22,746,298	9,019,264
Purchase of Investments	<u>(38,867,771)</u>	<u>(13,441,011)</u>
Net Cash Used by Investing Activities	<u>\$ (18,143,924)</u>	<u>\$ (4,741,756)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>\$ (4,592,469)</u>	<u>\$ 2,296,952</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,963,687</u>	<u>8,666,735</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 6,371,218</u></u>	<u><u>\$ 10,963,687</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Forgiveness of Paycheck Protection Program Loan	\$ ---	\$ 1,332,700

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

MILWAUKEE REPERTORY THEATER, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Totals for the Year Ended June 30, 2022)

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE A - Summary of Significant Accounting Policies

A-1 Organization

The Milwaukee Repertory Theater, Inc. ("The Rep or Organization") 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 Accounting Method

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

A-3 Cash and Cash Equivalents

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

A-4 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-5 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 \$10,000 are capitalized.

A-6 Investments

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

A-7 Inventory

Inventory is valued at cost.

A-8 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 consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash Reserve Fund	\$12,090,862	\$10,987,576
Building Reserve Fund	<u>1,080,598</u>	<u>1,105,943</u>
Total Board Designated Net Assets	<u>\$13,171,460</u>	<u>\$12,093,519</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE A - Summary of Significant Accounting Policies (continued)

A-9 Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Operating	\$ 2,263,939	\$ 2,302,994
Rose Pickering Fund	9,083	9,083
Larry Shue Fund	174,364	204,214
Special Projects	2,522,925	2,098,019
Capital Campaign	37,237,536	14,660,278
Endowment	11,849,611	11,836,794
Endowment Income	<u>3,745,942</u>	<u>3,328,984</u>
Total Net Assets With Donor Restrictions	<u>\$57,803,400</u>	<u>\$34,440,366</u>

A-10 Contributions

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE A - Summary of Significant Accounting Policies (continued)

A-10 Contributions (continued)

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

A-11 Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

A-12 Advertising Costs

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

A-13 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.

A-14 Functional Expenses

Management's estimate of the expense allocation to program, management and fundraising on the statement of activities is based on management's estimate of costs attributable to the relative nature of the expenses. We evaluated the key factors and assumptions used to develop the allocation to programs, management, and fundraising in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE B - Comparative Financial Information

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023 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, 2022, from which the summarized information was derived.

NOTE C - Accounting Standards Changes and Future Accounting Pronouncement

Accounting Standards Changes

The Organization's financial statements include implementation of the following accounting standards updates:

Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update requires contributed nonfinancial assets to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs. This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The implementation of this standard has not materially affected the financial statements of the Organization.

Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE C - Accounting Standards Changes and Future Accounting Pronouncement (continued)

Accounting Standards Changes (continued)

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022, as the initial date of application. Using this method, a cumulative-effect adjustment to net assets is recognized in the period of adoption. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. The adoption had no material impact on the Organization's statement of financial position or the statement of activities.

Future Accounting Pronouncement

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2022. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE D - Liquidity

The Organization has financial assets available to meet cash needs for general expenditure consisting of the following:

Cash and Cash Equivalents	\$ 6,180,668
Investments	11,303,366
Interest Receivable	146,675
Pledges Receivable	158,151
Other Receivables	531,611
Less: Net Assets Restricted for Other Use	<u>(1,017,554)</u>
 Total Financial Assets	 <u><u>\$17,302,917</u></u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE D - Liquidity (continued)

The Organization also has financial assets not included in the table above with donor restrictions that make them unavailable for general expenditures. Those financial assets consist of the following:

Cash and Cash Equivalents	\$ 190,550
Investments	31,499,087
Pledges Receivable	25,096,209
Plus: Net Assets Restricted for Other Use	<u>1,017,554</u>
 Total Financial Assets	 <u>\$57,803,400</u>

The Organization expects liquidity to increase over the next few years with a \$78,000,000 capital campaign to build a new theater complex at the current location of the Organization.

NOTE E - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the total uninsured balance was \$101,989.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE F - Investments

Investments as of June 30, 2023, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$22,618,440
Equities	3,241,713
Real Estate Fund	1,307,878
Senior Secured Loan Fund	1,479,354
Fixed Income Securities	508,654
Greater Milwaukee Foundation (GMF) Agency Fund	101,969
Certificates of Deposit less than one year:	
Actors Federal Credit Union	247,932
Charles Schwab, various banks	<u>13,296,513</u>
Total	<u>\$42,802,453</u>
Investments - Current	\$31,151,422
Investments - Long-Term	<u>11,651,031</u>
Total Investments	<u>\$42,802,453</u>

Investments as of June 30, 2022, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$16,823,038
Equities	2,023,752
Real Estate Fund	1,556,173
Senior Secured Loan Fund	1,249,248
Fixed Income Securities	509,295
Greater Milwaukee Foundation (GMF) Agency Fund	97,455
Certificates of Deposit less than one year:	
Actors Federal Credit Union	247,314
BMO Bank	100,000
Charles Schwab, various banks	<u>2,250,000</u>
Total	<u>\$24,856,275</u>
Investments - Current	\$14,278,903
Investments - Long-Term	<u>10,577,372</u>
Total Investments	<u>\$24,856,275</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE F - Investments (continued)

Investments are stated at fair market value. Aggregate cost, aggregate fair market value, and gross unrealized (loss) gain as of June 30, 2023 and 2022, are summarized as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Market Value</u>	<u>Gross Unrealized (Loss) Gain</u>
2023	\$43,300,450	\$42,802,453	\$ (497,997)
2022	\$26,634,159	\$24,856,275	\$(1,777,884)

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

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 402,273	\$ 374,184
Capital Gains Distributions	660,007	660,006
Realized Gain	540,306	295,242
Unrealized Gain(Loss)	<u>1,284,403</u>	<u>(4,623,268)</u>
Total	\$2,886,989	\$(3,293,836)
Less: Non-Operating		
Investment Income (Loss)	<u>2,751,172</u>	<u>(3,294,948)</u>
Operating Investment		
Income	<u>\$ 135,817</u>	<u>\$ 1,112</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 G - 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.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE G - 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, 2023:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 3,241,713	\$ 3,241,713	\$ ---	\$ ---
Mutual Funds	22,618,440	22,618,440	---	---
Fixed Income Securities	508,654	508,654	---	---
CDs	13,544,445	---	13,544,445	---
Real Estate Fund	1,307,878	---	---	1,307,878
GMF Agency Fund	101,969	---	---	101,969
Senior Secured Loan	<u>1,479,354</u>	<u>---</u>	<u>---</u>	<u>1,479,354</u>
Total	<u>\$42,802,453</u>	<u>\$26,368,807</u>	<u>\$13,544,445</u>	<u>\$2,889,201</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 American Core Realty Fund, LP. The table below presents information about recurring fair value measurement for the real estate fund (Level 3 measurements):

	<u>2023</u>	<u>2022</u>
Beginning Net Asset Value as of July 1	\$1,556,173	\$1,153,957
Purchases (Sales)	(93,840)	50,000
Income - Reinvested	22,685	25,199
Unrealized Gain (Loss)	<u>(177,140)</u>	<u>327,017</u>
Ending Net Asset Value as of June 30	<u>\$1,307,878</u>	<u>\$1,556,173</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE G - 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 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>2023</u>	<u>2022</u>
Beginning Net Asset Value as of July 1	\$1,249,248	\$1,174,747
Purchases (Sales)	110,000	125,000
Income - Reinvested	113,801	54,914
Unrealized (Loss) Gain	<u>6,305</u>	<u>(105,413)</u>
Ending Net Asset Value as of June 30	<u>\$1,479,354</u>	<u>\$1,249,248</u>

The Organization's Greater Milwaukee Foundation Agency fund is managed by the Greater Milwaukee Foundation (GMF). The fair values of the GMF Agency fund is measured based on the statement provided by the Greater Milwaukee Foundation. The table below presents information about recurring fair value measurement for the GMF fund (Level 3 measurements):

	<u>2023</u>	<u>2022</u>
Beginning Net Asset Value as of July 1	\$ 97,455	\$120,143
Purchase (Sales)	---	---
Investment (Loss) Income Net of Fees	8,246	(20,869)
Grants Received	<u>(3,732)</u>	<u>(1,819)</u>
Ending Net Asset Value as of June 30	<u>\$101,969</u>	<u>\$ 97,455</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE G - 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, 2022:

<u>Investment Category</u>	<u>Fair Value</u>	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	\$ 2,023,752	\$ 2,023,752	\$ ---	\$ ---
Mutual Funds	16,823,038	16,823,038	---	---
Fixed Income Securities	509,295	509,295	---	---
CDs	2,597,314	---	2,597,314	---
Real Estate Fund	1,556,173	---	---	1,556,173
GMF Agency Fund	97,455	---	---	97,455
Senior Secured Loan	<u>1,249,248</u>	<u>---</u>	<u>---</u>	<u>1,249,248</u>
Total	<u>\$24,856,275</u>	<u>\$19,356,085</u>	<u>\$2,593,314</u>	<u>\$2,902,876</u>

NOTE H - Investments Policy Management and Disbursements

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Endowment Committee appropriates such amounts for expenditure.

Endowment Investment and Spending Policies

The Organization has adopted the following investment, acceptable investment, and risk and spending policies. These policies were updated during August 2021. 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 into or out of the funds transpire, taking into consideration liquidity limitations.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE H - Investments Policy Management and Disbursements (continued)

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 and an amount equal to the next two years potential shortfalls kept liquid in a combination of money market and short to intermediate fixed income investments.

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 kept liquid in a combination of money market and short to intermediate fixed income investments. The remaining funds will be invested 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 total return on assets at a risk level consistent with prudent management, taking into consideration safety and preservation of real principal, potential for market appreciation and income.

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 The Rep operations at the discretion of the Finance Committee.

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 disbursements 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.
3. There is no intention or requirement to maintain the principal contributions in whole. Both principal and earnings will be available for distribution.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE H - Investments Policy Management and Disbursements (continued)

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.

Endowment net asset composition by type of fund as of June 30, 2023, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	<u>\$15,595,561</u>
Total Endowment Funds	<u>\$15,595,561</u>

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	<u>\$15,165,786</u>
Total Endowment Funds	<u>\$15,165,786</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE H - Investments Policy Management and Disbursements (continued)

Changes in endowment net assets as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Endowment Net Assets, Beginning of Year	\$15,165,786	\$18,064,536
Contributions	12,817	3,224
Investment Income (Loss)	1,358,958	(2,081,974)
Amounts Appropriated for Expenditure	<u>(942,000)</u>	<u>(820,000)</u>
Endowment Net Assets, End of Year	<u>\$15,595,561</u>	<u>\$15,165,786</u>

NOTE I - Pledges Receivable

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2023, as follows:

Pledges Receivable	\$31,213,040
Less: PV discount on Pledges Receivable	(5,920,128)
Less: Allowance for Doubtful Accounts	<u>(38,552)</u>
Net Pledges Receivable	<u>\$25,254,360</u>
Pledges Receivable - Current	\$ 6,940,554
Pledges Receivable - Long-Term	<u>24,272,486</u>
Gross Pledges Receivable	<u>\$31,213,040</u>

Future expected receipts are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 6,940,554
2025	6,419,655
2026	4,815,244
2027	3,857,010
2028	2,216,078
Thereafter	<u>6,964,499</u>
Total Future Expected Receipts	<u>\$31,213,040</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE I - 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, 2022, as follows:

Pledges Receivable	\$14,545,206
Less: PV Discount on Pledges Receivable	(966.171)
Less: Allowance for Doubtful Accounts	<u>(51,490)</u>
Net Pledges Receivable	<u>\$13,527,545</u>

Present Value Discount was calculated at the federal funds discount rate of 5.25% on June 30, 2023.

NOTE J - Other Receivables

Other receivables as of June 30, 2023 and 2022, consist of the following:

<u>Source</u>	<u>2023</u>	<u>2022</u>
Employee Retention Credit	\$483,300	\$1,167,961
Group Sales	---	1,871
Subscriptions	---	19,778
Employee Tips	133	10,463
Co-productions	17,718	---
Educational Programs	27,716	---
Miscellaneous	<u>2,744</u>	<u>12,264</u>
Total	<u>\$531,611</u>	<u>\$1,212,337</u>

NOTE K - Inventory

Inventory as of June 30, 2023 and 2022, consists of the following:

<u>Inventory Item</u>	<u>2023</u>	<u>2022</u>
Food and Beverage	\$31,778	\$39,827
Merchandise	21,427	25,492
Supplies	<u>25,819</u>	<u>16,013</u>
Total	<u>\$79,024</u>	<u>\$81,332</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE L - Fixed Assets

Fixed assets as of June 30, 2023 and 2022, consist of the following:

<u>At Cost:</u>	<u>2023</u>	<u>2022</u>
Building and Improvements	\$ 18,221,451	\$ 18,221,451
River Walk	413,349	413,349
Theater Fixtures	1,022,850	1,022,850
Scenic Elements	713,638	713,638
Computer Equipment	1,768,243	1,601,094
Furniture and Equipment	2,766,472	2,659,693
Vehicles	45,588	45,588
Construction in Process	2,019,832	271,309
Other Fixed Assets	<u>34,700</u>	<u>34,700</u>
Total Fixed Assets	\$ 27,006,123	\$ 24,983,672
Less: Accumulated Depreciation	<u>(18,848,820)</u>	<u>(17,996,238)</u>
Net Fixed Assets	<u>\$ 8,157,303</u>	<u>\$ 6,987,434</u>

NOTE M - Deferred Revenue

Deferred revenue as of June 30, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
(1) Ticket Sales	\$3,125,152	\$2,879,269
(2) Gift Certificates	154,885	162,435
(3) Other Funds	<u>147,892</u>	<u>156,826</u>
Totals	<u>\$3,427,929</u>	<u>\$3,198,530</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 N - Federal COVID Grants Revenue

Paycheck Protection Program Forgiveness

The Organization entered into the Paycheck Protection Program (PPP) and received a \$1,332,700 loan in March 2021. The Organization expended loan proceeds and maintained employment in accordance with the program and received full forgiveness of the loan on February 8, 2022. Accordingly, revenue of \$1,332,700 is reported in the year ended June 30, 2022.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE N - Federal COVID Grants Revenue (continued)

Shuttered Venue Operators Grant

The Shuttered Venue Operators Grant program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program includes over \$16 billion in grants to shuttered venues, to be administered by SBA's Office of Disaster Assistance and. provides emergency assistance for eligible performing arts businesses affected by COVID-19.

This program's mission is to support the ongoing operations of eligible live venues and operators, live venue promoters, theatrical producers, talent representatives, live performing arts organization operators, museums, and motion picture theaters during the uncertain economic conditions caused by the COVID-19 pandemic.

Federal COVID Grants revenue as of June 30, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
(1) PPP Forgiveness	\$ ---	\$1,332,700
(2) Shuttered Venue Operators Grant	---	4,407,154
(3) NEA American Rescue Plan Grant	---	150,000
(4) FEMA	108,515	---
(4) Employee Retention Credit	<u>---</u>	<u>600,406</u>
Totals	<u>\$108,515</u>	<u>\$6,490,260</u>

NOTE O - Revenue From Contracts with Customers

Box Office Income

The Organization sells tickets to various shows throughout the year. Tickets can be purchased in person at the box office or over the phone. Revenue is recognized at the point in time the Organization's performance obligation to perform the show is complete. Total box office income for the years ended June 30, 2023 and 2022, was \$6,076,993 and \$5,716,262, respectively. Deferred revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing tickets to future shows. These revenues are recognized at a point of time in the future when the show is held.

For the Year Ended June 30, 2023

Beginning Deferred Revenue	\$ 3,198,530
Revenue Recognized from Prior Year Deferred	(3,198,530)
New Deferred Tickets Sold	6,306,392
Revenue Recognized on Box Office Income	<u>(2,878,463)</u>
Ending Deferred	<u>\$ 3,427,929</u>

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE O - Revenue From Contracts with Customers (continued)

For the Year Ended June 30, 2022

Beginning Deferred Revenue	\$ 3,600,038
Revenue Recognized from Prior Year Deferred	(3,600,038)
New Deferred Tickets Sold	5,314,754
Revenue Recognized on Box Office Income	<u>(2,116,224)</u>
Ending Deferred	<u>\$ 3,198,530</u>

Fundraising and Raffle Income

The Organization holds a raffle each year and one large fundraising gala. Revenue for raffle tickets is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the tickets to an individual. Raffle tickets are sold in advance of the drawing and deferred as contract liabilities until earned when the drawing is held. Revenue is recognized at the point in time when the raffle is held. Registration fees for the gala are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is complete. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At June 30, 2023 and 2022, there were no assets or obligations related to revenue from contracts with customers for fundraising or raffle income. For the years ended June 30, 2023 and 2022, fundraising and raffle income was \$517,803 and \$704,467, respectively.

Food and Beverage Income

The Organization sells food and beverages during the performances. Food and beverage sales revenue is billed at the point of sale. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services are performed. Food and beverage income for the years ended June 30, 2023 and 2022, was \$865,967 and \$739,577, respectively.

Historic Restoration Building Fee Income

The Organization adds a \$2 historic restoration building fee with each ticket sold for shows. Fees go to help maintain performance spaces, administrative offices, and shops. Historic Restoration Building Fee revenue is recognized at the point in time that the ticket is sold. For the years ended June 30, 2023 and 2022, Historic Restoration Building Fee income was \$227,792 and \$240,250, respectively.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE O - Revenue From Contracts with Customers (continued)

Education Programs

Education programs revenue is recognized at the point in time that the services are performed. For the years ended June 30, 2023 and 2022, education programs revenue was \$135,992 and \$61,821, respectively.

Coproduction Income

Coproduction income is recognized at the point in time that the services are performed. For the years ended June 30, 2023 and 2022, coproduction income was \$52,718 and \$90,128, respectively.

NOTE P - 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 \$2,217 per month. Rental expense for this warehouse for the year ended June 30, 2023 and 2022, was \$26,604 and \$26,602, respectively.

The Organization entered into a five-year agreement to rent out theater space under an operating lease that expires in December 2025. The annual rental fee is the greater of \$144,200 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, 2023 and 2022, was \$209,597 and \$183,659, respectively.

The following is a schedule by years of the future minimum payments required under the lease as of June 30, 2023:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2024	\$200,705
2025	210,353
2026	<u>215,276</u>
Total	<u>\$626,334</u>

NOTE Q - Line of Credit

The Organization has a \$750,000 line of credit with an interest rate of SOFR 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, 2023 and 2022.

NOTE R - 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.

MILWAUKEE REPERTORY THEATER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE R - Pension Plans (continued)

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.

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 10% of the stagehands' salary for pension coverage.

The pension plan for the directors is the SDC - League Pension Fund. The theater pays 8% 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 10.25% 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, 2023, Milwaukee Repertory Theater, Inc. made contributions of 3% of gross salary to the annuity fund.

Total pension plan contributions for the fiscal year ended June 30, 2023, were \$267,406.

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.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE R - Pension Plans (continued)

The Organization's participation in these plans for the annual period ended June 30, 2023, 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% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% 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					

<u>Pension Fund</u>	<u>EIN/Pension Plan #</u>	<u>FIP/RP Status</u>		<u>Contributions in Current Year</u>	<u>Surcharge Imposed</u>	<u>Expiration Date</u>	<u>Fiscal Year End</u>
		<u>PPA Zone Status 2014</u>	<u>Pending/ Implemented</u>				
Stage	39-6224262-001	Green	None	\$75,692	No	6/30/22	Dec
Equity	13-6696817-001	Green	None	78,805	No	2/13/23	May
SDC	13-6634482-001	Yellow	Yes	9,580	Yes	4/14/23	Aug
USA	13-1982707-001	Green	None	18,666	No	6/30/23	Dec
Engineers	36-6052390-001	Green	None	13,467	No	6/30/22	Jan

NOTE S - 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, 2023, 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.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(With Summarized Totals for June 30, 2022)

NOTE T - Special Projects

The Theater expanded its fundraising 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, a complete renovation of the Stackner Cabaret and the Theater's Community Engagement Programs. Donor restricted net assets of the Special Projects Fund as of June 30, 2023 and **2022**, were \$2,522,925 and \$2,098,014, respectively.

Net assets with donor restrictions of the special projects fund as of June 30, 2023 and 2022, consists of the following:

<u>Source</u>	<u>2023</u>	<u>2022</u>
New Play Development Program	\$1,326,900	\$1,227,203
Engagement Projects	480,878	397,965
Stackner Renovation	5,362	4,720
Classics Initiative	457,000	407,000
"A Christmas Carol" Rebuild	<u>252,785</u>	<u>61,126</u>
Total	<u>\$2,522,925</u>	<u>\$2,098,014</u>

NOTE U - Related Parties

The Organization held \$100,000 and \$100,000 as of June 30, 2023 and 2022, respectively in an endowment fund managed by the employer of one of the members of the board of directors.

The Organization paid approximately \$162,000 and \$-0- in utility bills to the employer of one of the board of directors for the years ended June 30, 2023 and 2022, respectively.

NOTE V - Subsequent Events

The Organization has evaluated events and transactions occurring after June 30, 2023, the date of the most recent statement of financial position, through the date financial statements are available to be issued, November 17, 2023, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.

MILWAUKEE REPERTORY THEATER, INC.
SCHEDULE OF WITHOUT DONOR RESTRICTED ACTIVITIES RECONCILED TO OPERATING BUDGET
FOR THE YEAR ENDED JUNE 30, 2023

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 Without Donor Restricted Operating Net Assets	\$ 1,216,442
Depreciation Expense	852,582
Theater Fund Resources Expended on Fixed Assets	(273,928)
Capital Campaign Resources Expended on Fixed Assets	<u>(1,748,523)</u>
 NET OPERATING SURPLUS	 <u><u>\$ 46,573</u></u>