

# **American Players Theatre of Wisconsin, Inc. and Subsidiaries**

Spring Green, Wisconsin

Consolidated Financial Statements and  
Supplementary Information  
Years Ended December 31, 2017 and 2016

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## **Independent Auditor's Report**

Board of Directors  
American Players Theatre of Wisconsin, Inc. and Subsidiaries  
Spring Green, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of American Players Theatre of Wisconsin, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Players Theatre of Wisconsin, Inc. and Subsidiaries as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of functional expenses, Schedules A-1 to A-2, and the consolidating statements of financial position and activities, appearing on pages 22 and 23, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

Madison, Wisconsin  
May 11, 2018

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

December 31, 2017 and 2016

<i>Assets</i>	<b>2017</b>	<b>2016</b>
Current assets:		
Cash and cash equivalents	\$ 2,330,799	\$ 2,618,754
Cash restricted for future improvements	125,000	896,312
Promises to give, current portion	787,374	895,495
Accounts receivable	67,983	73,725
Prepaid expenses	225,247	223,948
Gift shop inventory	20,899	36,916
<b>Total current assets</b>	<b>3,557,302</b>	<b>4,745,150</b>
Other assets:		
Investments	973,574	265,006
Cash restricted for security deposit	61,200	61,200
Beneficial interest in assets held by Kohler Foundation	251,055	209,013
Promises to give, net	1,766,934	1,783,713
<b>Total other assets</b>	<b>3,052,763</b>	<b>2,318,932</b>
Property and equipment	18,087,167	13,821,400
Less: Accumulated depreciation	( 3,892,094)	( 3,499,071)
Property and equipment, net	14,195,073	10,322,329
<b>TOTAL ASSETS</b>	<b>\$ 20,805,138</b>	<b>\$ 17,386,411</b>
<b><i>Liabilities and Net Assets</i></b>		
Current liabilities:		
Current portion of note payable	\$ 395,447	\$ 0
Accounts payable	85,507	2,527,184
Other accrued expenses	23,163	37,058
Unearned revenue	9,270	0
Deferred ticket revenue	64,799	61,474
<b>Total current liabilities</b>	<b>578,186</b>	<b>2,625,716</b>
Long-term liabilities:		
Note payable	1,768,440	0
<b>Total liabilities</b>	<b>2,346,626</b>	<b>2,625,716</b>
Net assets:		
Unrestricted net assets	14,915,043	10,850,841
Temporarily restricted net assets	3,443,469	3,809,854
Permanently restricted net assets	100,000	100,000
<b>Total net assets</b>	<b>18,458,512</b>	<b>14,760,695</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,805,138</b>	<b>\$ 17,386,411</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Activities

Years Ended December 31, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Operating revenue:</b>				
Ticket sales	\$ 4,352,219	\$ 0	\$ 0	\$ 4,352,219
Sponsorship fees	88,417	0	0	88,417
Concession revenue	598,763	0	0	598,763
Education revenue	62,167	0	0	62,167
Investment income	11,187	3,594	0	14,781
Other	20,203	0	0	20,203
Loss on disposal of property and equipment	0	0	0	0
<b>Total operating revenue</b>	<b>5,132,956</b>	<b>3,594</b>	<b>0</b>	<b>5,136,550</b>
<b>Operating expenses:</b>				
Artistic and production	3,544,130	0	0	3,544,130
Marketing and patron services	1,156,665	0	0	1,156,665
General and administrative	1,109,553	0	0	1,109,553
Fund-raising	371,287	0	0	371,287
Education	100,395	0	0	100,395
<b>Total operating expenses</b>	<b>6,282,030</b>	<b>0</b>	<b>0</b>	<b>6,282,030</b>
<b>Operating income (loss)</b>	<b>(1,149,074)</b>	<b>3,594</b>	<b>0</b>	<b>(1,145,480)</b>
<b>Support:</b>				
Contributions for operations	1,781,148	1,009,171	0	2,790,319
Contributions for capital improvements	408,606	373,128	0	781,734
Grants	40,225	0	0	40,225
Contributions for APT Foundation	1,027,659	500,000	0	1,527,659
Gain (loss) on investments	56,557	( 2,216)	0	54,341
Change in beneficial interest in assets held by the Kohler Foundation	0	42,042	0	42,042
Net assets released from restrictions for operations	125,332	( 125,332)	0	0
Net assets released from restrictions for capital improvements	2,166,772	( 2,166,772)	0	0
<b>Total support</b>	<b>5,606,299</b>	<b>( 369,979)</b>	<b>0</b>	<b>5,236,320</b>
<b>Income from current activities</b>	<b>4,457,225</b>	<b>( 366,385)</b>	<b>0</b>	<b>4,090,840</b>
<b>Depreciation expense</b>	<b>393,023</b>	<b>0</b>	<b>0</b>	<b>393,023</b>
<b>Changes in net assets</b>	<b>4,064,202</b>	<b>( 366,385)</b>	<b>0</b>	<b>3,697,817</b>
<b>Net assets - Beginning of year</b>	<b>10,850,841</b>	<b>3,809,854</b>	<b>100,000</b>	<b>14,760,695</b>
<b>Net assets - End of year</b>	<b>\$ 14,915,043</b>	<b>\$ 3,443,469</b>	<b>\$ 100,000</b>	<b>\$ 18,458,512</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Activities (Continued)

Years Ended December 31, 2017 and 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Operating revenue:</b>				
Ticket sales	\$ 3,945,592	\$ 0	\$ 0	\$ 3,945,592
Sponsorship fees	88,843	0	0	88,843
Concession revenue	544,144	0	0	544,144
Education revenue	66,413	0	0	66,413
Investment income	9,438	0	0	9,438
Other	21,832	0	0	21,832
Loss on disposal of property and equipment	( 22,734)	0	0	( 22,734)
<b>Total operating revenue</b>	<b>4,653,528</b>	<b>0</b>	<b>0</b>	<b>4,653,528</b>
<b>Operating expenses:</b>				
Artistic and production	3,327,759	0	0	3,327,759
Marketing and patron services	1,124,336	0	0	1,124,336
General and administrative	1,038,882	0	0	1,038,882
Fund-raising	358,848	0	0	358,848
Education	98,562	0	0	98,562
<b>Total operating expenses</b>	<b>5,948,387</b>	<b>0</b>	<b>0</b>	<b>5,948,387</b>
<b>Operating loss</b>	<b>( 1,294,859)</b>	<b>0</b>	<b>0</b>	<b>( 1,294,859)</b>
<b>Support:</b>				
Contributions for operations	1,145,929	128,847	0	1,274,776
Contributions for capital improvements	29,227	1,343,455	0	1,372,682
Grants	92,350	0	0	92,350
Contributions for APT Foundation	7,000	0	0	7,000
Gain on investments	16,006	0	0	16,006
Change in beneficial interest in assets held by the Kohler Foundation	0	16,386	0	16,386
Net assets released from restrictions for operations	131,544	( 131,544)	0	0
Net assets released from restrictions for capital improvements	3,108,704	( 3,108,704)	0	0
<b>Total support</b>	<b>4,530,760</b>	<b>( 1,751,560)</b>	<b>0</b>	<b>2,779,200</b>
<b>Income from current activities</b>	<b>3,235,901</b>	<b>( 1,751,560)</b>	<b>0</b>	<b>1,484,341</b>
<b>Depreciation expense</b>	<b>346,281</b>	<b>0</b>	<b>0</b>	<b>346,281</b>
<b>Changes in net assets</b>	<b>2,889,620</b>	<b>( 1,751,560)</b>	<b>0</b>	<b>1,138,060</b>
<b>Net assets - Beginning of year</b>	<b>7,961,221</b>	<b>5,561,414</b>	<b>100,000</b>	<b>13,622,635</b>
<b>Net assets - End of year</b>	<b>\$ 10,850,841</b>	<b>\$ 3,809,854</b>	<b>\$ 100,000</b>	<b>\$ 14,760,695</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	2017	2016
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 3,697,817	\$ 1,138,060
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	393,023	346,281
Donated equipment	0	( 23,432)
Loss on disposal of property and equipment	0	22,734
Discount on promises to give	127,890	( 48,761)
Realized and unrealized gain on investments	( 54,341)	( 16,006)
Change in beneficial interest in assets held by the Kohler Foundation	( 42,042)	( 16,386)
Changes in operating assets and liabilities:		
Accounts receivable	5,742	( 718)
Prepaid expenses	( 1,299)	( 23,099)
Gift shop inventory	16,017	2,093
Accounts payable	( 2,456,397)	( 23,889)
Other accrued expenses	( 13,895)	5,480
Unearned revenue	9,270	0
Deferred ticket revenue	3,325	2,657
Net cash provided by operating activities	1,685,110	1,365,014
Cash flows from investing activities:		
Change in cash restricted for future improvements	771,312	869,265
Purchase of investments	( 654,227)	( 16,919)
Sale of investments	0	3,012
Purchase of property and equipment	( 1,262,059)	( 624,253)
Net cash (used in) provided by investing activities	( 1,144,974)	231,105
Cash flows from financing activities:		
Contribution of promises to give	( 1,400,950)	( 687,300)
Collection of promises to give	1,397,960	1,640,269
Cash paid for debt issuance costs	( 18,670)	0
Principal payments on note payable	( 806,431)	0
Net cash (used in) provided by financing activities	( 828,091)	952,969
Net changes in cash and cash equivalents	( 287,955)	2,549,088
Cash and cash equivalents - Beginning of year	2,618,754	69,666
Cash and cash equivalents - End of year	\$ 2,330,799	\$ 2,618,754
<b>Supplemental schedule of other cash activities:</b>		
Interest paid	\$ 56,925	\$ 0
<b>Supplemental schedule of noncash investing and financing activities:</b>		
Construction in progress included in accounts payable	\$ 0	\$ 2,467,762
Purchase of property and equipment included in accounts payable	14,720	0
Debt incurred to purchase property and equipment	2,988,988	0
Capitalized interest included in property and equipment	22,844	0

See accompanying notes to consolidated financial statements.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **Nature and Purpose of Organizations**

American Players Theatre of Wisconsin, Inc. (APT) is a nonprofit professional theater company. They produce nine productions annually, five in the 1,089-seat outdoor amphitheater and four in the Touchstone Theatre, a 201-seat indoor space. The season has more than 210 performances and runs from June through November.

APT's work focuses on classics with an emphasis on Shakespeare, but also includes the work of other classical and contemporary playwrights. Central to APT's mission is a commitment to making these great works accessible to as wide and varied an audience as possible, and educating younger generations in the joy of these classic plays. With an annual attendance of over 100,000, APT ranks as one of the country's largest outdoor theaters devoted to the classics. APT relies on ticket sales, grants, and contributions as significant sources of revenue.

APT formed two wholly owned subsidiaries, APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC in 2013. These subsidiaries were formed to manage the apartment buildings purchased by APT. The apartment buildings were purchased to provide housing to visiting company members during the theater season.

American Players Theatre Foundation, Inc. (the "APT Foundation") is a nonprofit organization created in 2014 to help carry out the mission of APT by managing and preserving endowment and long-term assets for the benefit of APT.

#### **Basis of Presentation**

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Principles of Consolidation**

These financial statements are consolidated and include the accounts of APT, APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC and APT Foundation, Inc. All four entities are referred to as (the "Organizations"). All material inter-company transactions and accounts are eliminated in consolidation.

#### **Classification of Net Assets**

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Classification of Net Assets (Continued)**

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on any related investments for general or specific purposes.

#### **Use of Estimates**

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

The Organizations consider all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable represent amounts due from costume rentals to customers and refunds due from vendors. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off.

#### **Promises to Give**

Unconditional promises to give are recognized as revenue in the period received and as a corresponding asset, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by donors are recorded as increases in temporarily restricted net assets.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Promises to Give (Continued)**

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the promise to give.

Management considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off.

#### **Gift Shop Inventory**

Gift shop inventory is recorded at cost as items are purchased. This inventory consists of books, clothing and accessories, food, games, stationary, and toys. In 2017, the Organization adopted Accounting Standard Update (ASU) 2015-11, "Inventory – Simplifying the Measurement of Inventory," which changed how inventory is valued. Inventories as of December 31, 2017 are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of ASU 2015-11 did not have a material impact on the Organization's financial statements.

#### **Costume Collection**

APT owns a costume collection, the majority of which was constructed by APT employees. APT expenses the costs of obtaining or producing props, costumes, wigs, and sets in the year the costs are incurred. Accordingly, the value of the collection is not reflected as an asset on the consolidated statements of financial position.

#### **Investments**

Investments are carried at fair value. Realized and unrealized gains and losses are recognized as investment income in the consolidated statements of activities. Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associates with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

#### **Beneficial Interest in Assets Held by the Kohler Foundation**

APT has an ongoing economic interest in the net assets of American Players Theatre Endowment Trust held at the Kohler Foundation and furthermore has residual rights to those net assets. The endowment's mission is to enable all persons interested in the programs of APT to combine contributions by gift, bequest, devise, or other transfer in a single fund for the support of APT. Accordingly, APT recognizes its interest in the endowment, in the accompanying consolidated statements of financial position and consolidated statements of activities.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Property and Equipment**

Property and equipment are recorded at cost. Equipment is defined as an item which has a cost of \$5,000 or more and a useful life extending beyond one year. Depreciation of capitalized property and equipment is computed using the straight-line and double declining methods over lives ranging from three to thirty-nine years.

#### **Deferred Ticket Revenue**

Deferred ticket revenue represents amounts received for future theatre performances. Revenue is recognized when performances occur.

#### **Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as released from restriction. If a restriction is met in the same period that the contribution is received, the contribution is recorded as unrestricted.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

#### **Contributed Services**

A financial accounting standard requires that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded.

A substantial number of unpaid volunteers have made significant contributions of their time to APT's programs, principally in support services and fund-raising efforts. The value of this contributed time is not reflected in these consolidated financial statements since these services do not meet criteria for recognition as described in the above definition.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Functional Allocation of Expenses**

The cost of providing the various programs and activities has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

#### **Debt Issuance Costs**

Debt issuance costs represent costs associated with obtaining debt to finance the purchase and renovation of the stage. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method.

#### **Advertising**

APT expenses advertising costs in the year the advertising first takes place. Total advertising expense for the years ended December 31, 2017 and 2016, were \$69,298 and \$70,315.

#### **Income Taxes**

APT is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise and income tax.

APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC are sole member LLC's, and therefore, treated as disregarded entities for tax purposes. The activity of APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC is included in APT's annual federal and state returns.

The Foundation is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). It is also exempt from Wisconsin income tax.

Income from certain activities not directly related to APT's tax-exempt purpose may be subject to taxation as unrelated business income. The advertising income derived from APT's playbill is considered unrelated business income.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

Subsequent events have been evaluated through May 11, 2018, which is the date the financial statements were available to be issued.

### Note 2: Cash Restricted for Security Deposit

APT is required by the Actors' Equity Association to make a deposit to cover the total weekly salary for actors in the case APT is unable to pay the salaries. As of December 31, 2017 and 2016, the balance was \$61,200.

### Note 3: Promises to Give

Promises to give are unconditional. The present value of the outstanding promises to give balance for 2017 and 2016 was discounted at a blended rate of 3.93% and 3.55%. A breakdown of promises to give by purpose is as follows:

	2017	2016
Promises to give for capital improvement	\$ 1,747,166	\$ 2,807,376
Promises to give for operations	1,065,700	2,500
Subtotals	2,812,866	2,809,876
Present value discount	( 258,558)	( 130,668)
<b>Totals</b>	<b>\$ 2,554,308</b>	<b>\$ 2,679,208</b>

Future maturities on the promises to give are as follows:

2018	\$ 787,374
2019	777,044
2020	468,865
2021	134,658
2022	126,425
Thereafter	518,500
Subtotal	2,812,866
Less - Present value discount	( 258,558)
<b>Total</b>	<b>\$ 2,554,308</b>
Current portion	787,374
Long-term portion	1,766,934
<b>Total</b>	<b>\$ 2,554,308</b>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 4: Investments

Investments consisted of the following at December 31:

	2017	2016
Stocks	\$ 882,827	\$ 239,505
Bonds	90,747	25,501
<b>Totals</b>	<b>\$ 973,574</b>	<b>\$ 265,006</b>

Investment income consisting primarily of interest and dividends totaled \$14,781 and \$6,920 for the year ended December 31, 2017 and 2016. Unrealized and realized gains on investments totaled \$54,341 and \$16,006 for the years ended December 31, 2017 and 2016.

### Note 5: Beneficial Interest in Assets Held by the Kohler Foundation

Beneficial interest in assets held by the Kohler Foundation represents community foundation represents a donor-restricted endowment trust that was setup with an initial donation of \$100,000. The trust agreement states that the endowment will hold and invest the funds for the sole benefit of APT. The trust agreement indicates that the Trustees will meet yearly and consider funding requests from APT. Under the trust agreement, the principal balance is to remain intact and only the income may be distributed.

Total beneficial interest in assets held by the Kohler Foundation at December 31, 2017 and 2016, was \$251,055 and \$209,013, respectively.

Return on beneficial interest in assets held by the Kohler Foundation consisted of the following at December 31:

	2017	2016
Interest and dividends	\$ 5,281	\$ 4,369
Realized and unrealized gains	37,889	13,009
Investment fees	( 1,128)	( 992)
<b>Totals</b>	<b>\$ 42,042</b>	<b>\$ 16,386</b>

### Note 6: Donor-Designated Endowments

In 2017, APT Foundation established an endowment fund to benefit APT for a variety of purposes. In addition, several years ago, an endowment trust was set up on behalf of APT by the Kohler Foundation. See Note 5. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### **Note 6: Donor-Designated Endowments (Continued)**

APT Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring APT Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, APT Foundation classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by APT Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

APT Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles and to ensure that any risk assumed is commensurate with the given investment vehicle and APT's objectives.

To achieve its investment goals, APT Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. APT Foundation's asset allocations include a blend of stocks and bonds.

Interest, dividends, and net appreciation in fair value of the legacy fund or donor-restricted endowment funds are classified as unrestricted, temporarily restricted or permanently restricted. Interest and dividends on donor-restricted endowment funds are appropriate for distribution at the discretion of the APT Foundation.

### **Investment Held by APT Foundation – Forrest Fund Donor Endowment**

During 2017, a gift of \$500,000 was made to APT Foundation to establish the Forrest Fund. The purpose of the gift is to defray the expenses related to the development of new plays whose content, style, or form fall within the artistic mission of APT and are performed in the Touchstone Theatre. Annual distributions shall be made by APT Foundation in an amount equal to 5% of the value of the Fund on the day of the distribution. Annual distributions may be accumulated at the discretion of APT Foundation, and do not necessarily need to be spent in the year of distribution. The distributions may be made out of both income and principal of the Fund.

### **Beneficial Interest in Assets Held by the Kohler Foundation – APT Endowment Trust**

See Note 5



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 6: Donor-Designated Endowments (Continued)

Changes in endowment funds were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment at January 1, 2016	\$ 92,627	\$ 100,000	\$ 192,627
Interest and dividends	4,369	0	4,369
Realized and unrealized gains	13,009	0	13,009
Investment fees	( 992)	0	( 992)
Total investment return	16,386	0	16,386
Endowment at December 31, 2016	\$ 109,013	\$ 100,000	\$ 209,013
Contributions	500,000	0	500,000
Interest and dividends	8,875	0	8,875
Realized and unrealized gains	35,673	0	35,673
Investment fees	( 1,128)	0	( 1,128)
Total investment return	43,420	0	43,420
<u>Endowments at December 31, 2017</u>	<u>\$ 652,433</u>	<u>\$ 100,000</u>	<u>\$ 752,433</u>

### Note 7: Fair Value Measurements

The Organizations use a fair value hierarchy that includes three levels of inputs to be used to measure fair value. The Organizations have determined that the fair value for the APT Foundation investments and the endowment fund are Level 1 financial instruments. Quotes from pricing vendors based on recent trading activity and other observable market data were used in making this determination. The Organizations do not have any financial instruments valued using Level 2 or Level 3 inputs. The Organizations do not have any liabilities measured at fair value on a recurring basis.

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

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 7: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2017 and 2016, is as follows:

	<b>2017</b>			
	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
APT Foundation investments				
Stocks				
Domestic	\$ 337,539	\$ 337,539	\$ 0	\$ 0
Foreign	93,960	93,960	0	0
Bonds				
Domestic	40,697	40,697	0	0
Endowment funds held by APT Foundation				
Stocks				
Domestic	\$ 349,845	\$ 349,845	\$ 0	\$ 0
Foreign	101,483	101,483	0	0
Bonds				
Domestic	50,050	50,050	0	0
Beneficial interest in assets held by others	251,055	0	0	251,055
<b>Totals</b>	<b>\$ 1,224,629</b>	<b>\$ 973,574</b>	<b>\$ 0</b>	<b>\$ 251,055</b>

	<b>2016</b>			
	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
APT Foundation investments				
Stocks				
Domestic	\$ 191,669	\$ 191,669	\$ 0	\$ 0
Foreign	47,836	47,836	0	0
Bonds				
Domestic	25,501	25,501	0	0
Beneficial interest in assets held by others	209,013	0	0	209,013
<b>Totals</b>	<b>\$ 474,019</b>	<b>\$ 265,006</b>	<b>\$ 0</b>	<b>\$ 209,013</b>

See Note 5 for level 3 activity on beneficial interest in assets held by others.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

### Note 8: Property and Equipment

A summary of property and equipment is as follows:

	2017	2016
Land	\$ 559,316	\$ 559,316
Buildings, stage, and sets	16,391,240	9,001,328
Light and sound equipment	121,162	121,162
Vehicles	319,041	297,341
Equipment	696,408	674,808
Construction in progress	0	3,167,445
Total cost	18,087,167	13,821,400
Accumulated depreciation	( 3,892,094)	( 3,499,071)
Property and equipment, net	<u>\$14,195,073</u>	<u>\$10,322,329</u>

### Note 9: Revolving Business Note

APT maintains a revolving business note with The Peoples Community Bank in the amount of \$600,000 with a variable interest rate of 4% plus the Index Rate. The Index Rate is defined as the average of the previous month's 13-week Treasury bill auction adjusted on the first business day of each month. The rate at December 31, 2017, was 4.614%. The note matures May 17, 2018. The note is collateralized by real estate. As of December 31, 2017 and 2016, the outstanding balance was \$0.

### Note 10: Note Payable

APT obtained a loan from The Peoples Community Bank in the amount of \$4,500,000 with a variable interest rate of 3.18% plus the Index Rate. The Index Rate is defined as the average of the previous month's 13-week Treasury bill auction adjusted on the first business day of each month. The rate at December 31, 2017, was 3.794%. As of December 31, 2017 and 2016, the outstanding balance was \$2,182,557 and \$0. The loan matures March 2018. The note is collateralized by essentially all business assets of APT. This loan was converted into a note with The Peoples Community Bank in March 2018. The new converted note matures in March 2023 with annual payments of \$501,705 and a fixed interest rate of 4.875%.

Unamortized financing fees have been recorded as a reduction to the related debt obligation. The original cost of financing fees was \$18,670, no amortization has been recorded at December 31, 2017 and 2016.

Total notes payable net of debt issuance costs are as follows:

Total notes payable	\$ 2,182,557
Unamortized debt issuance costs	( 18,670)
Current portion	( 395,447)
Total long-term note payable, net	<u>\$ 1,768,440</u>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 10: Note Payable (Continued)

Maturities of the note payable at December 31, under refinanced terms, are as follows:

2018	\$ 395,447
2019	414,725
2020	434,943
2021	456,146
2022	481,296

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Total	\$ 2,182,557
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Interest paid on the note payable was \$56,925 and \$0 for the year ended December 31, 2017 and 2016. Interest incurred during the construction of the stage in the amount of \$22,844 was capitalized and is included in property and equipment in the consolidated statements of financial position.

### Note 11: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2017	2016
Promises to give	\$ 2,554,308	\$ 2,679,208
Interest in net assets of Forrest Fund Endowment	501,428	0
Interest in net assets of APT Endowment Trust	151,005	109,013
Cash received for future improvements	125,000	896,312
Cash received for future operations	111,728	125,321
Totals	\$ 3,443,469	\$ 3,809,854

### Note 12: Permanently Restricted Net Assets

Permanently restricted net assets of \$100,000 at December 31, 2017 and 2016 were originated from an endowment contribution.

### Note 13: Community Foundation

In prior years, donors gifted funds to the Madison Community Foundation (MCF) for the purpose of establishing an APT fund. The fair value of the fund is \$56,029 and \$47,595 at December 31, 2017 and 2016. The agreement indicates that MCF has variance power over the funds and is required to hold the funds in an APT fund, and therefore, are not reflected in APT's financial statements.

### Note 14: Operating Lease Agreements

APT leases various properties for the purpose of housing seasonal actors as well as office equipment for use in the main office. Monthly lease payments range from \$110 to \$2,100 and have various expiration dates through October 31, 2027. Lease expense for the years ended December 31, 2017 and 2016, were \$259,129 and \$229,980.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 14: Operating Lease Agreements (Continued)

Future minimum lease requirements are as follows:

2018	\$ 183,517
2019	86,817
2020	86,817
2021	86,817
2022	86,817
Thereafter	77,196
<hr/>	
Total	\$ 607,981

### Note 15: Employee Retirement Plan

APT has a retirement plan that covers all permanent full-time employees who work a minimum of 1,000 hours per year and have been employed for one year. The pension plan is invested in individual employee 403(b) accounts. The retirement benefits are fully vested with the plan participant at the time the funds are contributed. Contributions for the plan were \$50,495 and \$52,951 for the years ended December 31, 2017 and 2016. Future employer contributions are discretionary and determined annually subject to APT's profitability and plan limitations.

### Note 16: Concentration of Credit Risk

The Organizations maintain cash balances at one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances in excess of \$1 in the operating and capital checking accounts are swept daily into repurchase agreements. During the year, balances in these accounts may exceed the insurance limits. Management believes this financial institution has a strong credit rating and credit risk related to these deposits is minimal.

# **Supplementary Information**

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Schedule A-1

### Consolidated Schedule of Functional Expenses

Year Ended December 31, 2017

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,352,653	\$ 472,002	\$ 494,217	\$ 300,084	\$ 76,587	\$ 3,695,543
Fees and royalties	478,190	132,995	44,599	0	0	655,784
Travel and living expenses	410,057	1,302	1,084	2,026	0	414,469
Other expenses	29,603	8,644	5,815	25,740	8,439	78,241
Production materials	204,646	0	0	0	0	204,646
Supplies	43,571	8,719	30,596	0	0	82,886
Advertising expenses	0	69,298	0	0	0	69,298
Publicity and promotions	0	15,117	0	0	0	15,117
Sales campaigns	0	92,691	0	0	0	92,691
Audience services	0	37,758	0	0	0	37,758
Credit card commissions	0	108,654	0	0	0	108,654
Cost of goods	0	200,071	0	0	0	200,071
IT and office equipment	0	513	79,590	0	0	80,103
Utilities	0	0	97,006	0	0	97,006
Property & equip. maintenance	25,410	0	191,484	0	0	216,894
Administrative	0	8,901	53,734	0	0	62,635
Interest	0	0	34,081	0	0	34,081
Insurance	0	0	77,347	0	0	77,347
Donor relations	0	0	0	16,674	0	16,674
Direct mail	0	0	0	26,763	0	26,763
Programming	0	0	0	0	15,369	15,369
<b>Total operating expenses</b>	<b>3,544,130</b>	<b>1,156,665</b>	<b>1,109,553</b>	<b>371,287</b>	<b>100,395</b>	<b>6,282,030</b>
Depreciation	0	0	393,023	0	0	393,023
<b>Total expenses</b>	<b>\$ 3,544,130</b>	<b>\$ 1,156,665</b>	<b>\$ 1,502,576</b>	<b>\$ 371,287</b>	<b>\$ 100,395</b>	<b>\$ 6,675,053</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Schedule A-2

### Consolidated Schedule of Functional Expenses

Year Ended December 31, 2016

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,223,867	\$ 452,265	\$ 555,340	\$ 294,409	\$ 71,998	\$ 3,597,879
Fees and royalties	461,062	129,812	25,229	0	0	616,103
Travel and living expenses	375,026	9,203	0	3,182	10,344	397,755
Other expenses	38,022	4,501	9,569	14,623	0	66,715
Production materials	175,404	0	0	0	0	175,404
Supplies	36,620	7,875	28,858	0	0	73,353
Advertising expenses	0	70,315	0	0	0	70,315
Publicity and promotions	0	21,450	0	0	0	21,450
Sales campaigns	0	102,202	0	0	0	102,202
Audience services	0	34,622	0	0	0	34,622
Credit card commissions	0	107,148	0	0	0	107,148
Cost of goods	0	175,774	0	0	0	175,774
IT and office equipment	0	351	87,655	0	0	88,006
Utilities	0	0	90,343	0	0	90,343
Property & equip. maintenance	17,758	86	90,724	0	0	108,568
Administrative	0	8,732	51,745	0	0	60,477
Interest	0	0	0	0	0	0
Insurance	0	0	99,419	0	0	99,419
Donor relations	0	0	0	13,421	0	13,421
Direct mail	0	0	0	33,213	0	33,213
Programming	0	0	0	0	16,220	16,220
<b>Total operating expenses</b>	<b>3,327,759</b>	<b>1,124,336</b>	<b>1,038,882</b>	<b>358,848</b>	<b>98,562</b>	<b>5,948,387</b>
Depreciation			346,281			346,281
<b>Total expenses</b>	<b>\$ 3,327,759</b>	<b>\$ 1,124,336</b>	<b>\$ 1,385,163</b>	<b>\$ 358,848</b>	<b>\$ 98,562</b>	<b>\$ 6,294,668</b>

See accompanying notes to consolidated financial statements.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

December 31, 2017

<b>ASSETS</b>	<b>American Players Theatre **</b>	<b>APT Foundation</b>	<b>Elimination</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,316,707	\$ 1,014,092	\$ 0	\$ 2,330,799
Cash restricted for future improvements	125,000	0	0	125,000
Promises to give, current portion	787,374	119,000	( 119,000)	787,374
Accounts receivable	67,983	0	0	67,983
Due from American Players Theatre	0	50,000	( 50,000)	0
Prepaid expenses	225,247	0	0	225,247
Gift shop inventory	20,899	0	0	20,899
<b>Total current assets</b>	<b>2,543,210</b>	<b>1,183,092</b>	<b>( 169,000)</b>	<b>3,557,302</b>
<b>Other assets:</b>				
Investments	0	973,574	0	973,574
Cash restricted for security deposit	61,200	0	0	61,200
Beneficial interest in assets held by Kohler Foundation	251,055	0	0	251,055
Promises to give net	1,766,934	677,741	( 677,741)	1,766,934
<b>Total other assets</b>	<b>2,079,189</b>	<b>1,651,315</b>	<b>( 677,741)</b>	<b>3,052,763</b>
Property and equipment	18,087,167	0	0	18,087,167
Less: accumulated depreciation	( 3,892,094)	0	0	( 3,892,094)
<b>Property and equipment, net</b>	<b>14,195,073</b>	<b>0</b>	<b>0</b>	<b>14,195,073</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,817,472</b>	<b>\$ 2,834,407</b>	<b>(\$ 846,741)</b>	<b>\$ 20,805,138</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities:</b>				
Current portion of note payable	\$ 395,447	\$ 0	\$ 0	\$ 395,447
Accounts payable	85,507	0	0	85,507
Other accrued expenses	23,163	0	0	23,163
Due to APT Foundation	50,000	0	( 50,000)	0
Unearned revenue	9,270	0	0	9,270
Deferred ticket revenue	64,799	0	0	64,799
<b>Total current liabilities</b>	<b>628,186</b>	<b>0</b>	<b>( 50,000)</b>	<b>578,186</b>
<b>Long-term liabilities:</b>				
Promise to give to APT Foundation	796,741	0	( 796,741)	0
Note payable, net	1,768,440	0	0	1,768,440
<b>Total long-term liabilities</b>	<b>2,565,181</b>	<b>0</b>	<b>( 796,741)</b>	<b>1,768,440</b>
<b>Total liabilities</b>	<b>3,193,367</b>	<b>0</b>	<b>( 846,741)</b>	<b>2,346,626</b>
<b>Net assets:</b>				
Unrestricted net assets	12,582,014	1,536,288	796,741	14,915,043
Temporarily restricted net assets	2,942,091	1,298,119	( 796,741)	3,443,469
Permanently restricted net assets	100,000	0	0	100,000
<b>Total net assets</b>	<b>15,624,105</b>	<b>2,834,407</b>	<b>0</b>	<b>18,458,512</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,817,472</b>	<b>\$ 2,834,407</b>	<b>(\$ 846,741)</b>	<b>\$ 20,805,138</b>

\*\* - The financial information for APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC. are include in this column. There were no eliminations between these entities and APT.

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statement of Activities  
Year Ended December 31, 2017

	Unrestricted			Temporarily Restricted			Permanently Restricted	Total
	American Players Theatre**	APT Foundation	Elimination	American Players Theatre**	APT Foundation	Elimination	American Players Theatre**	
Operating revenue:								
Ticket sales	\$ 4,352,219	\$ 0	\$ 0	\$ 4,352,219	\$ 0	\$ 0	\$ 0	\$ 4,352,219
Sponsorship fees	88,417	0	0	88,417	0	0	0	88,417
Concession revenue	598,763	0	0	598,763	0	0	0	598,763
Education revenue	62,167	0	0	62,167	0	0	0	62,167
Investment income	1,289	9,898	0	11,187	0	3,594	0	14,781
Other	20,203	0	0	20,203	0	0	0	20,203
<b>Total operating revenue</b>	<b>5,123,058</b>	<b>9,898</b>	<b>0</b>	<b>5,132,956</b>	<b>0</b>	<b>3,594</b>	<b>0</b>	<b>5,136,550</b>
Operating expenses:								
Artistic and production	3,544,130	0	0	3,544,130	0	0	0	3,544,130
Marketing and patron services	1,156,665	0	0	1,156,665	0	0	0	1,156,665
General and administrative	1,108,660	893	0	1,109,553	0	0	0	1,109,553
Fund-raising	1,345,528	0	( 974,241)	371,287	0	0	0	371,287
Education	100,395	0	0	100,395	0	0	0	100,395
<b>Total operating expenses</b>	<b>7,255,378</b>	<b>893</b>	<b>( 974,241)</b>	<b>6,282,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,282,030</b>
<b>Operating income (loss)</b>	<b>(2,132,320)</b>	<b>9,005</b>	<b>974,241</b>	<b>( 1,149,074)</b>	<b>0</b>	<b>3,594</b>	<b>0</b>	<b>( 1,145,480)</b>
Support:								
Contributions for operations	1,781,148	0	0	1,781,148	1,009,171	0	0	2,790,319
Contributions for capital improvements	408,606	0	0	408,606	373,128	0	0	781,734
Grants	40,225	0	0	40,225	0	0	0	40,225
Contributions for APT Foundation	0	1,205,159	( 177,500)	1,027,659	0	1,296,741	( 796,741)	1,527,659
Gain (loss) on investments	0	56,557	0	56,557	0	( 2,216)	0	54,341
Change in beneficial interest in assets held by the Kohler Foundation	0	0	0	0	42,042	0	0	42,042
Net assets released from restrictions for operations	125,332	0	0	125,332	( 125,332)	0	0	0
Net assets released from restrictions for capital improvements	2,166,772	0	0	2,166,772	( 2,166,772)	0	0	0
<b>Total support</b>	<b>4,522,083</b>	<b>1,261,716</b>	<b>( 177,500)</b>	<b>5,606,299</b>	<b>( 867,763)</b>	<b>1,294,525</b>	<b>( 796,741)</b>	<b>5,236,320</b>
<b>Income from current activities</b>	<b>2,389,763</b>	<b>1,270,721</b>	<b>796,741</b>	<b>4,457,225</b>	<b>( 867,763)</b>	<b>1,298,119</b>	<b>( 796,741)</b>	<b>4,090,840</b>
Depreciation expense	393,023	0	0	393,023	0	0	0	393,023
Changes in net assets	1,996,740	1,270,721	796,741	4,064,202	(867,763)	1,298,119	(796,741)	3,697,817
Net assets - Beginning of year	10,585,274	265,567	0	10,850,841	3,809,854	0	0	14,760,695
<b>Net assets - End of year</b>	<b>\$ 12,582,014</b>	<b>\$ 1,536,288</b>	<b>\$ 796,741</b>	<b>\$ 14,915,043</b>	<b>\$ 2,942,091</b>	<b>\$ 1,298,119</b>	<b>( \$ 796,741)</b>	<b>\$ 3,443,469</b>

\*\* - The financial information for APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC. are included in these columns. There were no eliminations between these entities and APT.

See accompanying notes to consolidated financial statements.