

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

Spring Green, Wisconsin

Consolidated Financial Statements and  
Supplementary Information  
Years Ended December 31, 2019 and 2018

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Consolidated Financial Statements and Supplementary Information  
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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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **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, 2019 and 2018, 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.

## Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, American Players Theatre of Wisconsin, Inc. and Subsidiaries adopted the amendments in Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, effective January 1, 2018. The amendments have been applied on a retrospective basis.

American Players Theatre of Wisconsin, Inc. and Subsidiaries also adopted the amendments in ASU No. 2016-18, *Statement of Cash Flows*, to enhance the presentation of restricted cash or restricted cash equivalents in the statements of cash flows. The accounting guidance requires retrospective application of presentation changes to each period presented. Our conclusion is not modified with respect to this matter.

We draw attention to Note 17 to the financial statements, which describe the uncertainty related to the Coronavirus outbreak.

## Other Matters

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities, appearing on pages 26 and 27, 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.



Wipfli LLP

May 13, 2020  
Madison, Wisconsin

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

December 31, 2019 and 2018

<i>Assets</i>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 2,018,764	\$ 1,779,221
Cash restricted for future improvements	25,000	203,650
Promises to give, current portion	404,616	629,571
Accounts receivable	32,578	31,993
Prepaid expenses	205,208	225,387
Gift shop inventory	13,209	19,801
Total current assets	2,699,375	2,889,623
Other assets:		
Investments	2,963,028	1,893,246
Cash restricted for Actors' Equity Association	63,653	63,653
Beneficial interest in assets held by Kohler Foundation	277,615	228,306
Promises to give, net	779,771	1,010,286
Total other assets	4,084,067	3,195,491
Property and equipment	18,506,793	18,145,494
Less: Accumulated depreciation	( 4,937,430)	( 4,457,365)
Property and equipment, net	13,569,363	13,688,129
<b>TOTAL ASSETS</b>	<b>\$ 20,352,805</b>	<b>\$ 19,773,243</b>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of note payable	\$ 361,442	\$ 395,447
Accounts payable	84,833	46,334
Other accrued expenses	44,695	37,251
Unearned revenue	68,185	72,266
Total current liabilities	559,155	551,298
Long-term liabilities:		
Note payable	0	629,302
Total liabilities	559,155	1,180,600
Net assets:		
Without donor restrictions		
Undesignated	17,232,484	16,008,413
Board designated for future improvements	483,842	39,782
Total net assets without donor restrictions	17,716,326	16,048,195
With donor restrictions	2,077,324	2,544,448
Total net assets	19,793,650	18,592,643
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,352,805</b>	<b>\$ 19,773,243</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Activities

Years Ended December 31, 2019 and 2018

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Operating revenue:</b>			
Ticket sales	\$ 4,433,558	\$ 0	\$ 4,433,558
Sponsorship fees	75,489	0	75,489
Concession revenue	621,770	0	621,770
Education revenue	76,972	0	76,972
Investment income	103,786	13,218	117,004
Other	50,928	0	50,928
<b>Total operating revenue</b>	<b>5,362,503</b>	<b>13,218</b>	<b>5,375,721</b>
<b>Operating expenses:</b>			
Artistic and production	3,830,836	0	3,830,836
Marketing and patron services	1,231,209	0	1,231,209
General and administrative	1,181,170	0	1,181,170
Fundraising	329,503	0	329,503
Education	106,799	0	106,799
<b>Total operating expenses</b>	<b>6,679,517</b>	<b>0</b>	<b>6,679,517</b>
<b>Operating (loss) income</b>	<b>( 1,317,014)</b>	<b>13,218</b>	<b>( 1,303,796)</b>
<b>Support:</b>			
Contributions for operations	1,877,341	5,004	1,882,345
Contributions for capital improvements	11,971	52,766	64,737
Grants	107,675	0	107,675
Contributions for APT Foundation	497,032	0	497,032
Gain on investments	375,206	104,468	479,674
Change in beneficial interest in assets held by the Kohler Foundation	0	49,309	49,309
Net assets released from restrictions for operations	135,308	( 135,308)	0
Net assets released from restrictions for capital improvements	556,581	( 556,581)	0
<b>Total support</b>	<b>3,561,114</b>	<b>( 480,342)</b>	<b>3,080,772</b>
<b>Income (loss) from current activities</b>	<b>2,244,100</b>	<b>( 467,124)</b>	<b>1,776,976</b>
Depreciation expense	575,969	0	575,969
Changes in net assets	1,668,131	( 467,124)	1,201,007
Net assets - Beginning of year	16,048,195	2,544,448	18,592,643
<b>Net assets - End of year</b>	<b>\$ 17,716,326</b>	<b>\$ 2,077,324</b>	<b>\$ 19,793,650</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, 2019 and 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenue:			
Ticket sales	\$ 4,260,658	\$ 0	\$ 4,260,658
Sponsorship fees	86,971	0	86,971
Concession revenue	567,727	0	567,727
Education revenue	70,574	0	70,574
Investment income	81,831	11,722	93,553
Other	23,757	0	23,757
<b>Total operating revenue</b>	<b>5,091,518</b>	<b>11,722</b>	<b>5,103,240</b>
Operating expenses:			
Artistic and production	3,667,253	0	3,667,253
Marketing and patron services	1,185,543	0	1,185,543
General and administrative	1,216,654	0	1,216,654
Fundraising	307,257	0	307,257
Education	104,704	0	104,704
<b>Total operating expenses</b>	<b>6,481,411</b>	<b>0</b>	<b>6,481,411</b>
<b>Operating (loss) income</b>	<b>( 1,389,893)</b>	<b>11,722</b>	<b>( 1,378,171)</b>
Support:			
Contributions for operations	1,778,564	230,941	2,009,505
Contributions for capital improvements	95,910	145,598	241,508
Grants	23,525	0	23,525
Contributions for APT Foundation	16,884	0	16,884
Loss on investments	( 150,636)	( 40,464)	( 191,100)
Change in beneficial interest in assets held by the Kohler Foundation	0	( 22,749)	( 22,749)
Net assets released from restrictions for operations	145,876	( 145,876)	0
Net assets released from restrictions for capital improvements	1,066,463	( 1,066,463)	0
<b>Total support</b>	<b>2,976,586</b>	<b>( 899,013)</b>	<b>2,077,573</b>
<b>Income (loss) from current activities</b>	<b>1,586,693</b>	<b>( 887,291)</b>	<b>699,402</b>
Depreciation expense	565,271	0	565,271
Changes in net assets	1,021,422	( 887,291)	134,131
Net assets - Beginning of year	15,026,773	3,431,739	18,458,512
<b>Net assets - End of year</b>	<b>\$ 16,048,195</b>	<b>\$ 2,544,448</b>	<b>\$ 18,592,643</b>

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

### Consolidated Schedule of Functional Expenses

Year Ended December 31, 2019

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,537,206	\$ 511,635	\$ 555,078	\$ 267,499	\$ 81,995	\$ 3,953,413
Fees and royalties	529,448	141,119	20,191	0	0	690,758
Travel and living expenses	460,376	1,860	4,360	1,489	0	468,085
Other expenses	34,397	4,256	13,705	16,771	9,152	78,281
Production materials	173,221	0	0	0	0	173,221
Supplies	46,114	9,241	30,417	0	0	85,772
Advertising expenses	0	76,053	0	0	0	76,053
Publicity and promotions	0	36,957	0	0	0	36,957
Sales campaigns	0	85,752	0	0	0	85,752
Audience services	0	33,854	0	0	0	33,854
Credit card commissions	0	107,711	0	0	0	107,711
Cost of goods	0	214,574	0	0	0	214,574
IT and office equipment	0	679	78,661	0	0	79,340
Utilities	0	0	92,526	0	0	92,526
Property & equip. maintenance	50,074	0	193,337	0	0	243,411
Administrative	0	7,518	57,235	0	0	64,753
Interest	0	0	32,516	0	0	32,516
Insurance	0	0	103,144	0	0	103,144
Donor relations	0	0	0	11,983	0	11,983
Direct mail	0	0	0	31,761	0	31,761
Programming	0	0	0	0	15,652	15,652
<b>Total operating expenses</b>	<b>3,830,836</b>	<b>1,231,209</b>	<b>1,181,170</b>	<b>329,503</b>	<b>106,799</b>	<b>6,679,517</b>
Depreciation	0	0	575,969	0	0	575,969
<b>Total expenses</b>	<b>\$ 3,830,836</b>	<b>\$ 1,231,209</b>	<b>\$ 1,757,139</b>	<b>\$ 329,503</b>	<b>\$ 106,799</b>	<b>\$ 7,255,486</b>

See accompanying notes to consolidated financial statements.



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

### Consolidated Schedule of Functional Expenses (Continued)

Year Ended December 31, 2018

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,424,324	\$ 510,771	\$ 516,814	\$ 247,545	\$ 79,183	\$ 3,778,637
Fees and royalties	530,022	111,549	21,584	0	0	663,155
Travel and living expenses	426,295	1,386	5,000	1,642	0	434,323
Other expenses	32,760	3,817	4,668	12,846	7,591	61,682
Production materials	180,665	0	0	0	0	180,665
Supplies	43,744	8,108	23,466	0	0	75,318
Advertising expenses	0	78,611	0	0	0	78,611
Publicity and promotions	0	38,257	0	0	0	38,257
Sales campaigns	0	92,755	0	0	0	92,755
Audience services	0	31,975	0	0	0	31,975
Credit card commissions	0	105,873	0	0	0	105,873
Cost of goods	0	194,017	0	0	0	194,017
IT and office equipment	0	283	76,228	0	0	76,511
Utilities	0	0	96,349	0	0	96,349
Property & equip. maintenance	29,443	0	234,029	0	0	263,472
Administrative	0	8,141	51,116	0	0	59,257
Interest	0	0	87,856	0	0	87,856
Insurance	0	0	99,544	0	0	99,544
Donor relations	0	0	0	16,904	0	16,904
Direct mail	0	0	0	28,320	0	28,320
Programming	0	0	0	0	17,930	17,930
<b>Total operating expenses</b>	<b>3,667,253</b>	<b>1,185,543</b>	<b>1,216,654</b>	<b>307,257</b>	<b>104,704</b>	<b>6,481,411</b>
Depreciation	0	0	565,271	0	0	565,271
<b>Total expenses</b>	<b>\$ 3,667,253</b>	<b>\$ 1,185,543</b>	<b>\$ 1,781,925</b>	<b>\$ 307,257</b>	<b>\$ 104,704</b>	<b>\$ 7,046,682</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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 1,201,007	\$ 134,131
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	575,969	565,271
Amortization of interest expense	3,734	3,734
Gain on disposal of property and equipment	( 715)	0
Discount on promises to give	( 15,770)	( 74,691)
Realized and unrealized (gain) loss on investments	( 479,674)	191,100
Change in beneficial interest in assets held by the Kohler Foundation	( 49,309)	22,749
Changes in operating assets and liabilities:		
Accounts receivable	( 585)	35,990
Prepaid expenses	20,179	( 140)
Gift shop inventory	6,592	1,098
Accounts payable	11,080	( 43,439)
Other accrued expenses	7,444	14,088
Unearned revenue	( 4,081)	( 1,803)
<b>Net cash provided by operating activities</b>	<b>1,275,871</b>	<b>848,088</b>
Cash flows from investing activities:		
Purchase of investments	( 590,108)	( 1,110,772)
Proceeds from sale of property and equipment	15,853	0
Purchase of property and equipment	( 444,922)	( 54,061)
<b>Net cash used in investing activities</b>	<b>( 1,019,177)</b>	<b>( 1,164,833)</b>
Cash flows from financing activities:		
Contribution of promises to give	( 26,350)	( 223,383)
Collection of promises to give	497,590	1,212,525
Principal payments on note payable	( 667,041)	( 1,142,872)
<b>Net cash used in financing activities</b>	<b>( 195,801)</b>	<b>( 153,730)</b>
Net changes in cash, cash equivalents, and restricted cash	60,893	( 470,475)
Cash, cash equivalents, and restricted cash - Beginning of year	2,046,524	2,516,999
<b>Cash, cash equivalents, and restricted cash - End of year</b>	<b>\$ 2,107,417</b>	<b>\$ 2,046,524</b>
<b>Supplemental schedule of other cash activities:</b>		
Interest paid	\$ 32,516	\$ 87,856
<b>Supplemental schedule of noncash investing and financing activities:</b>		
Purchase of property and equipment included in accounts payable	\$ 27,419	\$ 4,266
<b>Reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:</b>		
Cash and cash equivalents	\$ 2,018,764	\$ 1,779,221
Cash restricted for future improvements	25,000	203,650
Cash restricted for Actors' Equity Association	63,653	63,653
<b>Total cash, cash equivalents, and restricted cash in the consolidated statements</b>	<b>\$ 2,107,417</b>	<b>\$ 2,046,524</b>

Cash restricted for future improvements has donor imposed restrictions that limits the use of cash to donor specified capital improvements.

Cash restricted for Actors' Equity Association is further discussed in Note 2 of the notes to the 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 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, 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:

Net Assets Without Donor Restrictions - 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)**

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources may be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **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.

#### **Revenue Recognition**

##### Ticket Sales

Ticket sales revenue results from patron purchases of tickets through APT's box office or website and is reported at the amount that reflects the consideration to which APT was entitled in exchange for providing theatre performances to patrons. APT has patrons from across the United States as well as occasional purchasers from other countries. Patrons pay for tickets on a stand-alone selling price basis which occurs at a point in time. Control is transferred when performances occur. Cash received for tickets prior to a performance is recognized as a liability until the performance occurs and it converts to ticket sales. As all performances conclude before December 31, all ticket sales are recorded as recognized revenue on the financial statements. APT does not allow for refunds unless a performance is canceled before the first act is complete due to rain. If a performance is canceled, patrons may claim a refund no later than 30 days following the close to the Theatre's uphill season. Refunds must be completed before December 31.

##### Concession Revenue

Concession revenue results from patron purchases of products at APT's concession stands and gift shops and is reported at the amount that reflects the consideration to which APT was entitled in exchange for providing the goods to the patron. Revenue is generated from sales to customers attending performances uphill or in Touchstone Theatre. Patrons pay for goods on a stand-alone selling price basis sold at the point of sale. All sales are final, but exchanges are given for defective products. If a replacement product is not available, a refund will be issued.

APT does collect sales tax as required by the State of Wisconsin Department of Revenue. APT excludes sales tax from the measurement of all transaction prices as they are collected and remitted directly to the State of Wisconsin as pass-through. APT honors sales tax exemption certificates when provided by the consumer.

# 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)**

#### **Revenue Recognition (Continued)**

##### Sponsorship Fees

APT sells advertising space in the annual Playbill, Visitor's Guide, ticket envelopes, ticket backs and website. Revenue is reported at the amount that reflects the consideration at which APT was entitled in exchange for providing services to the customer. The amounts are generated from customers located in Wisconsin. Customers are invoiced, and revenue is recognized at the time the performance obligation is satisfied which occurs as the service is performed over time. APT determines the transaction price based on publication and mailing of the advertising items.

##### Education Revenue

APT provides summer camps, residences, and workshops to youth and local organizations. Revenue is reported at the amount that reflects the consideration to which APT was entitled in exchange for providing the services to the customer. Customers are invoiced, and revenue is recognized at the time the performance obligation is satisfied which occurs as the service is performed over time. APT determines the transaction price based on number of hours of service requested by the customer along with preparation and travel time.

##### Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

# 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)**

#### **Revenue Recognition (Continued)**

##### Grants

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards that are Contributions - Grants that qualify as contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 958-605 when the award is satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organizations do not have any grant awards that are exchange transactions.

#### **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.

#### **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.

# 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**

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 to net assets with donor restrictions.

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, stationery, and toys. Inventories 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.

#### **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 associated 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. Investment fees, if any, are netted with investment income on the 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)**

#### **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. Investment fees, if any, are netted with return.

#### **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, or if donated, at estimated fair value at the date of donation. 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 3 to 39 years.

#### **Unearned Revenue**

Unearned revenue represents amounts received for gift certificate purchases and education revenue. Cash received from gift certificates is recognized as a liability until the patron uses it in the gift shop, at the concession stand, or to purchase tickets and converts it into sales revenue. Gift certificates are valid for two years from the date of purchase and are non-refundable. When the certificate expires, the estimated consideration is reclassified from the liability to earned sales revenue. Cash received for education program revenue is recognized at the time the service is provided. Monies received in advance are recorded as unearned revenue until the educational services are performed.

#### **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. Personnel costs are allocated based on time and effort reporting.



# 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)**

#### **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 which approximates the effective interest method.

#### **Advertising**

APT expenses advertising costs in the year the advertising first takes place. Total advertising expense for the years ended December 31, 2019 and 2018, were \$76,053 and \$78,611.

#### **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.

#### **Reclassification**

Certain reclassifications have been made to prior year amounts to conform with the current presentation. There was no impact on the change in 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)**

#### **Changes in Accounting Policy**

In June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in this ASU will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and determining whether a transaction is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organizations have applied the amendments in this ASU on a retrospective basis as of January 1, 2018. There was no change in opening balances of net assets and no prior period results were restated.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organizations adopted this guidance as of January 1, 2018 and applied Topic 606 on a modified retrospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognize revenue, and therefore no changes in opening balances of net assets and no prior period results were restated. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

During 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*, to provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The accounting guidance is effective for fiscal years beginning after December 15, 2018. The guidance is to be applied using a retrospective transition method to each period presented. The Organizations believe the new accounting guidance improves the information provided in the consolidated financial statements and related disclosures for the primary users of the consolidated financial statements.

#### **New Accounting Pronouncements**

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 2: Cash Restricted for Actors' Equity Association

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, 2019, and 2018, the balance was \$63,653.

### Note 3: Promises to Give

Promises to give are unconditional. The present value of the outstanding promises to give balance for 2019 and 2018 was discounted at a blended rate of 4.33% and 4.17%. A breakdown of promises to give by purpose is as follows:

	2019	2018
Promises to give for capital improvement	\$ 344,772	\$ 680,704
Promises to give for operations	1,007,711	1,143,020
Subtotals	1,352,483	1,823,724
Present value discount	( 168,096)	( 183,867)
<b>Totals</b>	<b>\$ 1,184,387</b>	<b>\$ 1,639,857</b>

Future maturities on the promises to give are as follows:

2020	\$ 404,616
2021	163,057
2022	154,365
2023	193,865
2024	142,850
Thereafter	293,730
Subtotal	1,352,483
Less - Present value discount	( 168,096)
<b>Total</b>	<b>\$ 1,184,387</b>
Current portion	404,616
Long-term portion	779,771
<b>Total</b>	<b>\$ 1,184,387</b>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 4: Beneficial Interest in Assets Held by the Kohler Foundation

Beneficial interest in assets held by the Kohler 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, 2019 and 2018, was \$277,615 and \$228,306. The change in beneficial interest in assets held by the Kohler Foundation consisted of the following at December 31:

	2019	2018
Interest and dividends	\$ 7,006	\$ 6,284
Withdrawal	( 5,000)	( 5,000)
Realized and unrealized gain (loss)	48,563	( 22,749)
Investment fees	( 1,260)	( 1,284)
<b>Totals</b>	<b>\$ 49,309</b>	<b>(\$ 22,749)</b>

### Note 5: 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 4. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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 net assets with donor restrictions (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 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 is classified as net assets with donor restrictions 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.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 5: Donor-Designated Endowments (Continued)

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 net assets without donor restrictions and net assets with donor restrictions. Interest and dividends on donor-restricted endowment funds are appropriated 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 "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 4

Changes in endowment funds with donor restrictions were as follows:

Endowment at January 1, 2018	\$ 752,433
Withdrawal	( 5,000)
Interest and dividends	17,730
Realized and unrealized losses	( 62,938)
Investment fees	( 1,284)
Endowments at December 31, 2018	\$ 700,941
Withdrawal	( 5,000)
Interest and dividends	20,224
Realized and unrealized gains	153,031
Investment fees	( 1,261)
<u>Endowments at December 31, 2019</u>	<u>\$ 867,935</u>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 6: 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 \$71,315 and \$57,061 at December 31, 2019 and 2018. 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 7: Investments

Investments consisted of the following at December 31:

	2019	2018
Stocks	\$ 2,412,019	\$ 1,475,330
Bonds	551,009	417,916
<b>Totals</b>	<b>\$ 2,963,028</b>	<b>\$ 1,893,246</b>

Investment income consisting primarily of interest and dividends totaled \$117,004 and \$93,553 for the year ended December 31, 2019 and 2018. Unrealized and realized gain (loss) on investments totaled \$479,674 and (\$191,100) for the years ended December 31, 2019 and 2018.

### Note 8: 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 fair value for the beneficial interest in assets held by others are Level 3 financial instruments. Statements from the Kohler Foundation's broker were used in making this determination. 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 8: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2019 and 2018, is as follows:

	<b>2019</b>			
	<b>Assets Measured at Fair Value</b>	<b>Recurring Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>APT Foundation investments</b>				
Stocks				
Domestic	\$ 1,588,806	\$ 1,588,806	\$ 0	\$ 0
Foreign	345,288	345,288	0	0
Bonds – Domestic	438,614	438,614	0	0
<b>Endowment funds held by APT Foundation</b>				
Stocks				
Domestic	398,767	398,767	0	0
Foreign	79,158	79,158	0	0
Bonds – Domestic	112,395	112,395	0	0
Beneficial interest in assets held by others	277,615	0	0	277,615
<b>Totals</b>	<b>\$ 3,240,643</b>	<b>\$2,963,028</b>	<b>\$ 0</b>	<b>\$ 277,615</b>

	<b>2018</b>			
	<b>Assets Measured at Fair Value</b>	<b>Recurring Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>APT Foundation investments</b>				
Stocks				
Domestic	\$ 900,776	\$ 900,776	\$ 0	\$ 0
Foreign	203,928	203,928	0	0
Bonds - Domestic	315,907	315,907	0	0
<b>Endowment funds held by APT Foundation</b>				
Stocks				
Domestic	305,479	305,479	0	0
Foreign	65,147	65,147	0	0
Bonds - Domestic	102,009	102,009	0	0
Beneficial interest in assets held by others	228,306	0	0	228,306
<b>Totals</b>	<b>\$ 2,121,552</b>	<b>\$1,893,246</b>	<b>\$ 0</b>	<b>\$ 228,306</b>

See Note 4 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

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### Note 9: Property and Equipment

A summary of property and equipment is as follows at December 31:

	2019	2018
Land	\$ 559,316	\$ 559,316
Buildings, stage, and sets	16,769,352	16,391,240
Light and sound equipment	136,952	136,952
Vehicles	344,651	350,927
Equipment	696,522	696,408
Construction in progress	0	10,651
Total cost	18,506,793	18,145,494
Accumulated depreciation	( 4,937,430)	( 4,457,365)
<u>Property and equipment, net</u>	<u>\$ 13,569,363</u>	<u>\$ 13,688,129</u>

### Note 10: 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 2.5% plus the Index Rate at December 31, 2019 and 4% plus the Index Rate at December 31, 2018. 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, 2019, was 5.134%. The note matures May 17, 2020. The note is collateralized by real estate. As of December 31, 2019, and 2018, the outstanding balance was \$0.

### Note 11: Note Payable

During 2016, APT obtained a loan from The Peoples Community Bank in the amount of \$4,500,000 with a variable interest rate. The loan was converted into a note with The Peoples Community Bank in March 2018. The converted note matures in March 2023 with annual payments of \$501,705 and a fixed interest rate of 4.875%. The note is collateralized by essentially all business assets of APT.

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

Total notes payable	\$372,644
Unamortized debt issuance costs	( 11,202)
Current portion	( 361,442)
<u>Total long-term note payable, net</u>	<u>\$ 0</u>

Unamortized financing fees have been recorded as a reduction to the related debt obligation. The original cost of financing fees was \$18,670. The amortization expense as of December 31, 2019 and 2018 was \$3,734.

Interest paid on the note payable was \$32,516 and \$87,856 for the years ended December 31, 2019 and 2018.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, are as follows as of December 31:

	<b>2019</b>	<b>2018</b>
Promises to give - time restriction	\$ 854,515	\$ 984,820
Promises to give - Next Great Stage	329,872	655,037
Forrest Fund Endowment	590,322	472,635
Kohler Endowment Fund – perpetual in nature	277,615	228,306
Cash received for future improvements	25,000	203,650
<b>Total net assets with donor restrictions</b>	<b>\$2,077,324</b>	<b>\$2,544,448</b>

The balance in the Kohler Endowment Fund agreement allows for the appreciated value to be without restriction and available to be distributed to APT. An appropriation of \$5,000 was made during 2019 and 2018 in accordance with this policy (see Note 4).

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Expiration of time restrictions	\$ 135,308	\$ 145,876
Satisfaction of purpose restrictions		
Next Great Stage	352,931	1,066,463
Capital improvements	203,650	0
<b>Total net assets released from donor restrictions</b>	<b>\$ 691,889</b>	<b>\$1,212,339</b>

### Note 13: 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 \$60,536 and \$55,142 for the years ended December 31, 2019 and 2018. Future employer contributions are discretionary and determined annually subject to APT's profitability and plan limitations.

### 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 \$6,429 and have various expiration dates through October 31, 2027. Lease expense for the years ended December 31, 2019 and 2018, was \$287,471 and \$274,893.

# 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:

2020	\$ 185,341
2021	87,581
2022	87,581
2023	77,148
2024	77,148
Thereafter	231,444
<hr/>	
Total	\$ 746,243

### Note 15: Liquidity and Availability

APT does not have a formal liquidity policy but generally maintains financial assets in liquid form, such as cash and cash equivalents, for approximately three months of operating expenses. To help manage unanticipated liquidity needs, APT has a revolving business note in the amount of \$600,000 which it could draw upon (see Note 10). There is an established board-designated fund where the board has the objective of setting funds aside to be drawn upon for future maintenance projects at APT as well as the Baltimore Street and Cole Street apartments.

APT also receives significant contributions that may be subject to donor-imposed restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs (see Note 5).

Financial assets available for general expenditure, that is, without donor restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of December 31, 2019:

Cash and cash equivalents	\$2,018,764
Promises to give due in one year or less	404,616
Accounts receivable	32,578
Investments	2,963,028
<hr/>	
Subtotal financial assets	5,418,986
Less: Current liabilities	( 559,155)
Less: Promises to give - time restriction	( 142,920)
Less: Promises to give - Next Great Stage	( 261,696)
Less: Restricted and designated investments - Forrest Fund	( 590,321)
Less: Board designated operating reserve for future maintenance and Baltimore Street and Cole Street apartments	( 483,842)
<hr/>	
Total	\$3,381,052

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

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### Note 15: Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of December 31, 2018:

Cash and cash equivalents	\$1,779,221
Promises to give due in one year or less	629,571
Accounts receivable	31,993
<u>Investments</u>	<u>1,893,246</u>
Subtotal financial assets	4,334,031
Less: Current liabilities	( 551,298)
Less: Promises to give - time restriction	( 142,878)
Less: Promises to give - Next Great Stage	( 486,693)
Less: Restricted and designated investments - Forrest Fund	( 472,635)
<u>Less: Board designated operating reserve for Baltimore Street and Cole Street apartments</u>	<u>( 39,782)</u>
<u>Total</u>	<u>\$2,640,745</u>

### Note 16: Concentration of Credit Risk

The Organizations maintain cash balances at two financial institutions, which are 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 the financial institutions have a strong credit rating and credit risk related to these deposits is minimal.

### Note 17: Subsequent Events

Subsequent events have been evaluated through May 13, 2020, which is the date the financial statements were available to be issued. The following information summarizes significant events that occurred after December 31, 2019.

In February 2020, APT paid off the remaining balance of the note payable with The Peoples Community Bank.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, APT has postponed the start of the 2020 season until the Governor lifts the Safer at Home order that was extended to May 26, 2020. In response to the potential lost ticket sales, APT has used cost saving measures to lessen the impact. APT has also received a Payroll Protection Program loan for \$752,600 from The People’s Community Bank. Management continues to monitor the situation. While the Company’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

# **Supplementary Information**

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

December 31, 2019

<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	\$ 1,891,278	\$ 127,486	\$ 0	\$ 2,018,764
Cash restricted for future improvements	25,000	0	0	25,000
Promises to give, current portion	404,616	0	0	404,616
Promise to give from APT, current portion	0	144,002	( 144,002)	0
Accounts receivable	54,851	0	( 22,273)	32,578
Prepaid expenses	205,208	0	0	205,208
Gift shop inventory	13,209	0	0	13,209
<b>Total current assets</b>	<b>2,594,162</b>	<b>271,488</b>	<b>( 166,275)</b>	<b>2,699,375</b>
<b>Other assets:</b>				
Investments	0	2,963,028	0	2,963,028
Cash restricted for security deposit	63,653	0	0	63,653
Beneficial interest in assets held by Kohler Foundation	277,615	0	0	277,615
Promises to give net	779,771	0	0	779,771
Promise to give from APT, net	0	710,514	( 710,514)	0
<b>Total other assets</b>	<b>1,121,039</b>	<b>3,673,542</b>	<b>( 710,514)</b>	<b>4,084,067</b>
Property and equipment	18,506,793	0	0	18,506,793
Less: accumulated depreciation	( 4,937,430)	0	0	( 4,937,430)
<b>Property and equipment, net</b>	<b>13,569,363</b>	<b>0</b>	<b>0</b>	<b>13,569,363</b>
<b>TOTAL ASSETS</b>	<b>\$ 17,284,564</b>	<b>\$ 3,945,030</b>	<b>(\$ 876,789)</b>	<b>\$ 20,352,805</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities:</b>				
Current portion of note payable	\$ 361,442	\$ 0	\$ 0	\$ 361,442
Accounts payable	84,833	22,273	( 22,273)	84,833
Other accrued expenses	44,695	0	0	44,695
Unearned revenue	68,185	0	0	68,185
<b>Total current liabilities</b>	<b>559,155</b>	<b>22,273</b>	<b>( 22,273)</b>	<b>559,155</b>
<b>Long-term liabilities:</b>				
Promise to give to APT Foundation	854,516	0	( 854,516)	0
<b>Total liabilities</b>	<b>1,413,671</b>	<b>22,273</b>	<b>( 876,789)</b>	<b>559,155</b>
<b>Net assets:</b>				
Without donor restrictions:				
Undesignated	13,900,049	2,572,914	759,521	17,232,484
Board designated for future improvements	483,842	0	0	483,842
<b>Total net assets without donor restrictions</b>	<b>14,383,891</b>	<b>2,572,914</b>	<b>759,521</b>	<b>17,716,326</b>
With donor restrictions	1,487,002	1,349,843	( 759,521)	2,077,324
<b>Total net assets</b>	<b>15,870,893</b>	<b>3,922,757</b>	<b>0</b>	<b>19,793,650</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,284,564</b>	<b>\$ 3,945,030</b>	<b>(\$ 876,789)</b>	<b>\$ 20,352,805</b>

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

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statement of Activities  
Year Ended December 31, 2019

	Without Donor Restrictions				With Donor Restrictions				Total
	American Players Theatre**	APT Foundation	Elimination	Total Without Donor Restrictions	American Players Theatre**	APT Foundation	Elimination	Total With Donor Restrictions	
Operating revenue:									
Ticket sales	\$ 4,433,558	\$ 0	\$ 0	\$ 4,433,558	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,433,558
Sponsorship fees	75,489	0	0	75,489	0	0	0	0	75,489
Concession revenue	621,770	0	0	621,770	0	0	0	0	621,770
Education revenue	76,972	0	0	76,972	0	0	0	0	76,972
Investment income	51,658	52,128	0	103,786	0	13,218	0	13,218	117,004
Other	50,928	0	0	50,928	0	0	0	0	50,928
<b>Total operating revenue</b>	<b>5,310,375</b>	<b>52,128</b>	<b>0</b>	<b>5,362,503</b>	<b>0</b>	<b>13,218</b>	<b>0</b>	<b>13,218</b>	<b>5,375,721</b>
Operating expenses:									
Artistic and production	3,830,836	0	0	3,830,836	0	0	0	0	3,830,836
Marketing and patron services	1,231,209	0	0	1,231,209	0	0	0	0	1,231,209
General and administrative	1,178,170	3,000	0	1,181,170	0	0	0	0	1,181,170
Fundraising	334,507	58,300	( 63,304)	329,503	0	0	0	0	329,503
Education	106,799	0	0	106,799	0	0	0	0	106,799
<b>Total operating expenses</b>	<b>6,681,521</b>	<b>61,300</b>	<b>( 63,304)</b>	<b>6,679,517</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,679,517</b>
<b>Operating income (loss)</b>	<b>(1,371,146)</b>	<b>( 9,172)</b>	<b>63,304</b>	<b>( 1,317,014)</b>	<b>0</b>	<b>13,218</b>	<b>0</b>	<b>13,218</b>	<b>( 1,303,796)</b>
Support:									
Contributions for operations	1,935,641	0	( 58,300)	1,877,341	5,004	0	0	5,004	1,882,345
Contributions for capital improvements	11,971	0	0	11,971	52,766	0	0	52,766	64,737
Grants	107,675	0	0	107,675	0	0	0	0	107,675
Contributions for APT Foundation	0	497,032	0	497,032	0	5,004	( 5,004)	0	497,032
Gain on investments	0	375,206	0	375,206	0	104,468	0	104,468	479,674
Change in beneficial interest in assets held by the Kohler Foundation	0	0	0	0	49,309	0	0	49,309	49,309
Net assets released from restrictions for operations	135,308	130,304	( 130,304)	135,308	( 135,308)	( 130,304)	130,304	( 135,308)	0
Net assets released from restrictions for capital improvements	556,581	0	0	556,581	( 556,581)	0	0	(556,581)	0
<b>Total support</b>	<b>2,747,176</b>	<b>1,002,542</b>	<b>( 188,604)</b>	<b>3,561,114</b>	<b>( 584,810)</b>	<b>( 20,832)</b>	<b>125,300</b>	<b>( 480,342)</b>	<b>3,080,772</b>
<b>Income (loss) from current activities</b>	<b>1,376,030</b>	<b>993,370</b>	<b>( 125,300)</b>	<b>2,244,100</b>	<b>( 584,810)</b>	<b>( 7,614)</b>	<b>125,300</b>	<b>( 467,124)</b>	<b>1,776,976</b>
Depreciation expense	575,969	0	0	575,969	0	0	0	0	575,969
Changes in net assets	800,061	993,370	( 125,300)	1,668,131	(584,810)	(7,614)	125,300	( 467,124)	1,201,007
Net assets - Beginning of year	13,583,830	1,579,544	884,821	16,048,195	2,071,812	1,357,457	( 884,821)	2,544,448	18,592,643
Net assets - End of year	\$ 14,383,891	\$ 2,572,914	\$ 759,521	\$ 17,716,326	\$ 1,487,002	\$ 1,349,843	(\$ 759,521)	\$ 2,077,324	\$ 19,793,650

\*\* - 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 Independent Auditor's Report.