

American Players Theatre of Wisconsin, Inc., and Subsidiaries

Spring Green, Wisconsin

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2021 and 2020

 AMERICAN PLAYERS THEATRE

American Players Theatre of Wisconsin, Inc., and Subsidiaries

Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2021 and 2020

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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 Audit of the Consolidated Financial Statements

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of American Players Theatre of Wisconsin, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Players Theatre of Wisconsin, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Players Theatre of Wisconsin, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and the consolidating statements of financial position and activities 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 of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, on our consideration of the American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

May 20, 2022
Madison, Wisconsin

American Players Theatre of Wisconsin, Inc., and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2021 and 2020

<i>Assets</i>	2021	2020
Current assets:		
Cash and cash equivalents	\$ 2,920,300	\$ 4,597,081
Cash restricted for future improvements	2,250,350	0
Promises to give, current portion	152,777	171,682
Accounts receivable	72,817	88,099
Prepaid expenses	206,498	126,803
Gift shop inventory	19,388	52,293
Total current assets	5,622,130	5,035,958
Other assets:		
Investments	15,875,198	3,572,622
Cash restricted for Actors' Equity Association	72,161	72,161
Beneficial interest in assets held by Kohler Foundation	359,134	303,178
Promises to give, net	527,204	682,966
Total other assets	16,833,697	4,630,927
Property and equipment	19,552,143	18,458,064
Less: Accumulated depreciation	(5,906,680)	(5,361,176)
Property and equipment, net	13,645,463	13,096,888
TOTAL ASSETS	\$ 36,101,290	\$ 22,763,773
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 112,927	\$ 33,963
Other accrued expenses	42,863	42,896
Gift certificates	90,362	64,345
Refundable advances	1,116,101	0
Contract liabilities	306,881	756,241
Total current liabilities	1,669,134	897,445
Net assets:		
Without donor restrictions		
Undesignated	29,012,476	19,817,250
Board designated - Ken Albers memorial fund	29,317	26,830
Board designated for future improvements	1,217,544	184,910
Total net assets without donor restrictions	30,259,337	20,028,990
With donor restrictions	4,172,819	1,837,338
Total net assets	34,432,156	21,866,328
TOTAL LIABILITIES AND NET ASSETS	\$ 36,101,290	\$ 22,763,773

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended December 31, 2021 and 2020

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenue:			
Ticket sales	\$ 2,277,762	\$ 0	\$ 2,277,762
Concession revenue	299,932	0	299,932
Education revenue	9,444	0	9,444
Investment income	172,630	16,169	188,799
Other	27,026	0	27,026
Total operating revenue	2,786,794	16,169	2,802,963
Operating expenses:			
Artistic and production	3,639,022	0	3,639,022
Marketing and patron services	878,348	0	878,348
General and administrative	1,257,274	0	1,257,274
Fundraising	318,630	0	318,630
Education	116,703	0	116,703
Total operating expenses	6,209,977	0	6,209,977
Operating (loss) income	(3,423,183)	16,169	(3,407,014)
Support:			
Contributions for operations	3,601,591	126,028	3,727,619
Contributions for capital improvements	749,650	2,252,687	3,002,337
Grants	1,427,519	0	1,427,519
Contributions for APT Foundation	7,564,148	0	7,564,148
Gain on investments	633,329	107,438	740,767
Change in beneficial interest in assets held by the Kohler Foundation	0	55,956	55,956
Net assets released from restrictions for operations	169,040	(169,040)	0
Net assets released from restrictions for capital improvements	53,757	(53,757)	0
Total support	14,199,034	2,319,312	16,518,346
Income (loss) from current activities	10,775,851	2,335,481	13,111,332
Depreciation expense	545,504	0	545,504
Changes in net assets	10,230,347	2,335,481	12,565,828
Net assets - Beginning of year	20,028,990	1,837,338	21,866,328
Net assets - End of year	\$ 30,259,337	\$ 4,172,819	\$ 34,432,156

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Activities (Continued)

Years Ended December 31, 2021 and 2020

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenue:			
Ticket sales	\$ 141,708	\$ 0	\$ 141,708
Concession revenue	12,498	0	12,498
Education revenue	25,756	0	25,756
Investment income	70,321	13,231	83,552
Other	52,279	0	52,279
Total operating revenue	302,562	13,231	315,793
Operating expenses:			
Artistic and production	1,472,775	0	1,472,775
Marketing and patron services	515,793	0	515,793
General and administrative	832,305	0	832,305
Fundraising	284,594	0	284,594
Education	103,143	0	103,143
Total operating expenses	3,208,610	0	3,208,610
Operating (loss) income	(2,906,048)	13,231	(2,892,817)
Support:			
Contributions for operations	4,781,970	60,033	4,842,003
Contributions for capital improvements	55,115	10,916	66,031
Grants	201,587	0	201,587
Contributions for APT Foundation	12,000	0	12,000
Gain on investments	304,462	75,960	380,422
Change in beneficial interest in assets held by the Kohler Foundation	0	25,563	25,563
Net assets released from restrictions for operations	144,742	(144,742)	0
Net assets released from restrictions for capital improvements	280,947	(280,947)	0
Total support	5,780,823	(253,217)	5,527,606
Income (loss) from current activities	2,874,775	(239,986)	2,634,789
Depreciation expense	562,111	0	562,111
Changes in net assets	2,312,664	(239,986)	2,072,678
Net assets - Beginning of year	17,716,326	2,077,324	19,793,650
Net assets - End of year	\$ 20,028,990	\$ 1,837,338	\$ 21,866,328

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Schedule of Functional Expenses

Year Ended December 31, 2021

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,593,751	\$ 468,262	\$ 449,519	\$ 289,466	\$ 133,359	\$ 3,934,357
Fees and royalties	147,263	103,610	26,777	0	0	277,650
Travel and living expenses	386,301	289	0	1,568	0	388,158
Other expenses	17,496	7,105	40,231	5,782	(16,656)	53,958
Production materials	369,873	0	0	0	0	369,873
Supplies	36,518	5,678	25,636	0	0	67,832
Advertising expenses	0	40,217	0	0	0	40,217
Publicity and promotions	0	10,720	0	0	0	10,720
Sales campaigns	0	29,547	0	0	0	29,547
Audience services	0	25,263	0	0	0	25,263
Credit card commissions	0	84,818	0	0	0	84,818
Cost of goods	0	99,975	0	0	0	99,975
IT and office equipment	0	540	176,155	0	0	176,695
Utilities	0	0	86,385	0	0	86,385
Property & equip. maintenance	87,820	0	281,544	0	0	369,364
Administrative	0	2,324	54,991	0	0	57,315
Interest	0	0	3,679	0	0	3,679
Insurance	0	0	112,357	0	0	112,357
Donor relations	0	0	0	112	0	112
Direct mail	0	0	0	21,702	0	21,702
Programming	0	0	0	0	0	0
Total operating expenses	3,639,022	878,348	1,257,274	318,630	116,703	6,209,977
Depreciation	0	0	545,504	0	0	545,504
Total expenses	\$ 3,639,022	\$ 878,348	\$ 1,802,778	\$ 318,630	\$ 116,703	\$ 6,755,481

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Schedule of Functional Expenses

Year Ended December 31, 2020

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 849,107	\$ 287,363	\$ 387,861	\$ 251,624	\$ 100,110	\$ 1,876,065
Fees and royalties	302,845	92,944	20,812	0	0	416,601
Travel and living expenses	268,047	1,544	0	521	0	270,112
Other expenses	8,224	2,731	34,046	10,103	2,033	57,137
Production materials	27,318	0	0	0	0	27,318
Supplies	8,869	1,323	5,592	0	0	15,784
Advertising expenses	0	5,146	0	0	0	5,146
Publicity and promotions	0	5,561	0	0	0	5,561
Sales campaigns	0	33,223	0	0	0	33,223
Audience services	0	4,760	0	0	0	4,760
Credit card commissions	0	76,164	0	0	0	76,164
Cost of goods	0	2,349	0	0	0	2,349
IT and office equipment	0	0	124,122	0	0	124,122
Utilities	0	0	46,141	0	0	46,141
Property & equip. maintenance	8,365	0	78,917	0	0	87,282
Administrative	0	2,685	54,293	0	0	56,978
Interest	0	0	13,170	0	0	13,170
Insurance	0	0	67,351	0	0	67,351
Donor relations	0	0	0	1,693	0	1,693
Direct mail	0	0	0	20,653	0	20,653
Programming	0	0	0	0	1,000	1,000
Total operating expenses	1,472,775	515,793	832,305	284,594	103,143	3,208,610
Depreciation	0	0	562,111	0	0	562,111
Total expenses	\$ 1,472,775	\$ 515,793	\$ 1,394,416	\$ 284,594	\$ 103,143	\$ 3,770,721

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 12,565,828	\$ 2,072,678
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	545,504	562,111
Amortization of interest expense	0	11,202
Loss on disposal of property and equipment	0	15,334
Discount on promises to give	(37,365)	(70,950)
Realized and unrealized gain on investments	(684,811)	(380,422)
Write-off of promises to give	5,000	27,336
Change in beneficial interest in assets held by the Kohler Foundation	(55,956)	(25,563)
Changes in operating assets and liabilities:		
Accounts receivable	15,282	(55,521)
Prepaid expenses	(79,695)	78,405
Gift shop inventory	32,905	(39,084)
Accounts payable	78,964	(50,870)
Other accrued expenses	(33)	(1,799)
Gift certificates	26,017	(760)
Refundable advances	1,116,101	0
Contract liabilities	(449,360)	753,161
Net cash provided by operating activities	13,078,381	2,895,258
Cash flows from investing activities:		
Purchase of investments	(12,758,896)	(296,824)
Sale of investments	1,141,131	67,652
Proceeds from sale of property and equipment	0	3,610
Purchase of property and equipment	(1,094,079)	(108,580)
Net cash used in investing activities	(12,711,844)	(334,142)
Cash flows from financing activities:		
Contribution of promises to give	0	(500)
Collection of promises to give	207,032	373,853
Principal payments on note payable	0	(372,644)
Net cash provided by financing activities	207,032	709
Net changes in cash, cash equivalents, and restricted cash	573,569	2,561,825
Cash, cash equivalents, and restricted cash - Beginning of year	4,669,242	2,107,417
Cash, cash equivalents, and restricted cash - End of year	\$ 5,242,811	\$ 4,669,242
Supplemental schedule of other cash activities:		
Interest paid	\$ 0	\$ 13,170
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:		
Cash and cash equivalents	\$ 2,920,300	\$ 4,597,081
Cash restricted for future improvements	2,250,350	0
Cash restricted for Actors' Equity Association	72,161	72,161
Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows	\$ 5,242,811	\$ 4,669,242

Cash restricted for Actors' Equity Association is further discussed in Note 15 of the notes to the consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

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. On May 18, 2020, APT canceled its 2020 season due to the novel coronavirus (COVID-19) pandemic moving the 2020 productions to future seasons.

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.

During 2021 American Players Theatre formed APT Sunrise Apartments, LLC ("The Laurels") for the purpose of constructing two 8-unit apartment buildings. The buildings are for housing APT employees while working for the company. The Laurels add 16 apartments (24 beds) to the APT housing inventory.

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 (GAAP).

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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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. Net assets without donor restrictions include both undesignated and board designated funds.

Undesignated net assets may be used at the discretion of management to support the mission of the Organizations and consist of net assets accumulated from the results of operations. From time to time, the Board may designate net assets without donor restrictions for specific operational purposes.

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's policy 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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Ticket Sales (Continued)

Due to the cancellation of its 2020 season APT provided patrons with the option to convert ticket purchases to a donation to APT, receive a refund, or receive an account credit. If the patron did not respond to APT by December 31, 2020, the revenue recognized remained in ticket sales revenue. If a patron chose to change their ticket purchase to a donation, APT reclassified the revenue from ticket sale revenue to contribution revenue. If a patron chose an account credit, monies received as of December 31, 2020 were recognized as a contract liability. Ticket revenue received as of December 31, 2021 and 2020, and recognized as a contract liability was \$295,905 and \$729,106.

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.

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.

Due to the cancellation of its 2020 season APT provided sponsors with the option to convert their sponsorship to a contribution to APT, receive a refund, or defer their sponsorship to 2021. If the sponsor chose to convert their sponsorship to a contribution, the revenue was reclassified from sponsorship fees to contribution revenue. Sponsors that chose to defer their sponsorship to 2021 are included in contract liabilities in the consolidated statement of financial position in the amount of \$10,976 and \$27,135 at December 31, 2021 and 2020.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

	2021	2020
Opening balance accounts receivable – customers	88,099	32,578
Closing balance accounts receivable – customers	72,817	88,099
Opening balance gift certificates – customers	64,345	65,105
Closing balance gift certificates – customers	90,362	64,345
Opening balance contract liabilities – customers	756,241	0
Closing balance contract liabilities – customers	306,881	756,241

Revenue recognized during the years ended December 31, 2021 and 2020, that was included in the opening balance of contract liabilities and gift certificates was \$558,514 and \$33,338.

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 consolidated 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

Note 1: Summary of Significant Accounting Policies (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

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

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 method over lives ranging from 3 to 39 years.

Contract Liabilities

Cash received for education program revenue and ticket sales is recognized at the time the service is provided. Cash received for sponsorship fee revenue is recognized as the service is performed over time. Monies received in advance for education program revenue, ticket sales, and sponsorship fee revenue are recorded as a contract liability until the performance date or when services are performed.

Gift Certificates

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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

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

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, 2021 and 2020, were \$40,217 and \$5,146.

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, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC are sole member LLC's, and therefore, treated as disregarded entities for tax purposes. The activity of APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise 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

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update (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. On June 30, 2020, the FASB issued ASU 2020-05 that extended the effective date for certain entities to annual periods beginning after December 15, 2021. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

Subsequent Events

Subsequent events have been evaluated through May 20, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2: Promises to Give

Promises to give are unconditional. The present value of the outstanding promises to give balance for 2021 and 2020 was discounted at a blended rate of 4.46% and 4.43%. A breakdown of promises to give by purpose is as follows:

	2021	2020
Promises to give for capital improvement	\$ 35,068	\$ 88,825
Promises to give for operations	704,694	862,969
Subtotals	739,762	951,794
Present value discount	(59,781)	(97,146)
Totals	\$ 679,981	\$ 854,648

Future maturities on the promises to give are as follows:

2022	\$ 152,777
2023	164,169
2024	140,925
2025	140,946
2026	140,945
Subtotal	739,762
Less - Present value discount	(59,781)
Total	\$ 679,981
Current portion	152,777
Long-term portion	527,204
Total	\$ 679,981

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 3: 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, 2021 and 2020, was \$359,134 and \$303,178. The change in beneficial interest in assets held by the Kohler Foundation consisted of the following at December 31:

	2021	2020
Interest and dividends	\$ 0	\$ 5,088
Contribution	0	5,000
Withdrawal	0	(10,000)
Realized and unrealized gain	57,584	26,752
Investment fees	(1,628)	(1,277)
Totals	\$ 55,956	\$ 25,563

Note 4: Donor-Designated Endowments

In 2017, APT Foundation established an endowment fund to benefit APT for a variety of purposes. The endowment includes both donor-designated endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). In addition, several years ago, an endowment trust was set up on behalf of APT by the Kohler Foundation. See Note 3. As required by GAAP, net assets associated with endowment funds, including quasi-endowments, 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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 4: Donor-Designated Endowments (Continued)

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, quasi-endowment, 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.

APT Ken Albers Memorial Fund (Board Designated)

During 2020, APT raised \$25,123 to establish the Ken Albers Memorial Fund. The purpose of the fund is to provide grants to performers at APT to supplement their contractual income in recognition of superior contributions to APT's artistic endeavors. Annual distributions shall be made by at APT's discretion for the grants. The distributions may be made out of both income and principal of the Fund.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 4: Donor-Designated Endowments (Continued)

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

See Note 3

Changes in endowment funds with donor restrictions were as follows:

Endowments at January 1, 2020	\$ 867,935
Contribution	5,000
Withdrawal	(10,000)
Interest and dividends	18,319
Realized and unrealized gains	102,712
Investment fees	(1,277)
Endowments at December 31, 2020	\$ 982,689
Withdrawal	(10,765)
Interest and dividends	16,169
Realized and unrealized gains	165,022
Investment fees	(1,627)
Endowments at December 31, 2021	\$ 1,151,488

Note 5: 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 \$102,227 and \$82,246 at December 31, 2021 and 2020. 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 6: Investments

Investments consisted of the following at December 31:

	2021	2020
Stocks	\$ 9,127,839	\$ 2,560,817
Bonds	5,005,452	711,805
Certificates of deposit	1,741,907	0
Totals	\$15,875,198	\$ 3,572,622

Investment income consisting primarily of interest and dividends totaled \$159,001 and \$83,552 for the year ended December 31, 2021 and 2020. Unrealized and realized gain on investments totaled \$684,811 and \$380,422 for the years ended December 31, 2021 and 2020.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

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 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.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2021 and 2020, is as follows:

	2021			
	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	\$ 6,846,610	\$ 6,846,610	\$ 0	\$ 0
Foreign	1,674,216	1,674,216	0	0
Bonds – Domestic	2,794,419	2,794,419	0	0
Endowment funds held by APT Foundation				
Stocks				
Domestic	495,462	495,462	0	0
Foreign	111,551	111,551	0	0
Bonds – Domestic	185,340	185,340	0	0
APT board designated endowment funds				
Bonds - Domestic	29,317	29,317	0	0
APT investments				
Bonds - Domestic	1,996,376	1,996,376	0	0
Domestic CDs	1,741,907	0	1,741,907	0
Beneficial interest in assets held by others	359,134	0	0	359,134
Totals	\$ 16,234,332	\$14,133,291	\$1,741,907	\$ 359,134

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 7: Fair Value Measurements (Continued)

	Assets Measured at Fair Value	2020		
		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	\$ 1,890,093	\$ 1,890,093	\$ 0	\$ 0
Foreign	395,594	395,594	0	0
Bonds – Domestic	580,594	580,594	0	0
Endowment funds held by APT Foundation				
Stocks				
Domestic	468,021	468,021	0	0
Foreign	88,087	88,087	0	0
Bonds – Domestic	123,403	123,403	0	0
APT board designated endowment funds held by APT Foundation				
Stocks – Domestic	19,022	19,022	0	0
Bonds - Domestic	7,808	7,808	0	0
Beneficial interest in assets held by others	303,178	0	0	303,178
Totals	\$ 3,875,800	\$ 3,572,622	\$ 0	\$ 303,178

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

Note 8: Property and Equipment

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

	2021	2020
Land	\$ 789,124	\$ 559,316
Buildings, stage, and sets	17,076,149	16,811,840
Light and sound equipment	136,952	136,952
Vehicles	421,503	341,383
Equipment	608,573	608,573
Construction in progress	519,842	0
Total cost	19,552,143	18,458,064
Accumulated depreciation	(5,906,680)	(5,361,176)
Property and equipment, net	\$ 13,645,463	\$ 13,096,888

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 8: Property and Equipment (Continued)

The Organizations are in the process of constructing apartments in Spring Green for the purpose of housing seasonal actors. Construction costs to date are included in construction in progress as of December 31, 2021. The Organizations expect additional costs of approximately \$2,780,000 to complete the project.

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 2.75% plus the Index Rate at December 31, 2021 and 2020. 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, 2021, was 2.800%. The note matures May 17, 2022. The note is collateralized by real estate. As of December 31, 2021 and 2020, the outstanding balance was \$0.

Note 10: Net Assets With Donor Restrictions

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

	2021	2020
Promises to give - time restriction	\$ 646,560	\$ 769,808
Promises to give - Next Great Stage	33,422	84,841
Time restriction - 2022 season sponsorships	91,000	0
Forrest Fund Endowment	792,353	679,511
Kohler Endowment Fund - perpetual in nature	359,134	303,178
Cash received for future improvements	2,250,350	0
Total net assets with donor restrictions	\$4,172,819	\$1,837,338

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 \$10,765 and \$10,000 was made during 2021 and 2020 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, 2021 and 2020:

	2021	2020
Expiration of time restrictions	\$ 169,040	\$ 144,742
Satisfaction of purpose restrictions		
Next Great Stage	53,757	255,947
Capital improvements	0	25,000
Total net assets released from donor restrictions	\$ 222,797	\$ 425,689

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 11: 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 \$100,603 and \$19,856 for the years ended December 31, 2021 and 2020. Future employer contributions are discretionary and determined annually subject to APT's profitability and plan limitations.

Note 12: 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, 2021 and 2020, was \$257,835 and \$218,444.

Future minimum lease requirements are as follows:

2022	\$ 189,453
2023	79,953
2024	78,853
2025	78,853
2026	78,853
Thereafter	64,290
<u>Total</u>	<u>\$ 570,255</u>

Note 13: 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 9). 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 4).

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 13: 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, are comprised of the following as of December 31, 2021:

Cash and cash equivalents	\$ 2,920,300
Promises to give due in one year or less	152,777
Accounts receivable	72,817
<u>Investments</u>	<u>15,875,198</u>
Subtotal financial assets	19,021,092
Less: Current liabilities	(1,669,134)
Less: Promises to give - time restriction	(140,939)
Less: Promises to give - Next Great Stage	(11,839)
Less: Restricted and designated investments - Forrest Fund	(792,353)
Less: Board designated – Ken Albers memorial fund	(29,317)
Less: Board designated operating reserve for future maintenance and Baltimore Street, Cole Street, and Sunrise apartments	(1,217,544)
<u>Total</u>	<u>\$15,159,966</u>

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, are comprised of the following as of December 31, 2020:

Cash and cash equivalents	\$ 4,597,081
Promises to give due in one year or less	171,682
Accounts receivable	88,099
<u>Investments</u>	<u>3,572,622</u>
Subtotal financial assets	8,429,484
Less: Current liabilities	(897,445)
Less: Promises to give - time restriction	(143,857)
Less: Promises to give - Next Great Stage	(27,825)
Less: Restricted and designated investments - Forrest Fund	(679,511)
Less: Board designated operating reserve for future maintenance and Baltimore Street and Cole Street apartments	(184,910)
<u>Total</u>	<u>\$ 6,496,106</u>

Note 14: Contributions for Operations - Paycheck Protection Program Forgiveness

For the years ended December 31, 2021 and 2020, the Organizations applied for and received an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP originated from legislation passed to assist businesses in navigating the Coronavirus Pandemic. The Organization received an award of approximately \$1,193,160 in 2021 and \$752,600 in 2020 and determined that the awards were conditional grants.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 14: Contributions for Operations - Paycheck Protection Program Forgiveness (Continued)

The Organizations applied the policy as described in Note 1. The Organization has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during a covered period of 24 weeks. Accordingly, as the award conditions are met, the grant is recognized as revenue. The revenue is included in contributions for operations on the consolidated statements of activities. The Organizations applied for and received forgiveness as of December 31, 2021 and 2020.

Note 15: 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, 2021, and 2020, the balance was \$72,161.

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: Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. Future potential impacts to the Organizations may include disruptions in operations. While the business disruptions are expected to be temporary, management cannot reasonably estimate the length or severity of this pandemic, including and direct and indirect negative impact to the Organization's financial position, results of operations, and cash flows.

Supplementary Information

American Players Theatre of Wisconsin, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

<u>Program Name</u>	<u>AL Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of the Treasury			
U.S. Small Business Administration			
Direct			
COVID-19 Shuttered Venue Operators Grant	59.075	SBA-HQ21-SV-000631	1,039,043
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,039,043</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of American Players Theatre of Wisconsin, Inc. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of American Players Theatre of Wisconsin, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of American Players Theatre of Wisconsin, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - 10% De Minimis

American Players Theatre of Wisconsin, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

American Players Theatre of Wisconsin, Inc. does not have subrecipients or subrecipient expenditures.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statement of Financial Position

December 31, 2021

ASSETS	American Players Theatre **	APT Foundation	Elimination	Total
Current assets:				
Cash and cash equivalents	\$ 2,824,379	\$ 95,921	\$ 0	\$ 2,920,300
Cash restricted for future improvements	2,250,350	0	0	2,250,350
Promises to give, current portion	152,777	0	0	152,777
Promise to give from APT, current portion	0	141,975	(141,975)	0
Accounts receivable	72,817	0	0	72,817
Prepaid expenses	206,498	0	0	206,498
Gift shop inventory	19,388	0	0	19,388
Total current assets	5,526,209	237,896	(141,975)	5,622,130
Other assets:				
Investments	3,767,600	12,107,598	0	15,875,198
Cash restricted for Actors' Equity Association	72,161	0	0	72,161
Beneficial interest in assets held by Kohler Foundation	359,134	0	0	359,134
Promises to give, net	527,204	0	0	527,204
Promise to give from APT, net	0	504,585	(504,585)	0
Total other assets	4,726,099	12,612,183	(504,585)	16,833,697
Property and equipment	19,552,143	0	0	19,552,143
Less: accumulated depreciation	(5,906,680)	0	0	(5,906,680)
Property and equipment, net	13,645,463	0	0	13,645,463
TOTAL ASSETS	\$ 23,897,771	\$ 12,850,079	(\$ 646,560)	\$ 36,101,290
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 111,927	\$ 1,000	\$ 0	\$ 112,927
Other accrued expenses	42,863	0	0	42,863
Gift certificates	90,362	0	0	90,362
Refundable advance	1,116,101	0	0	1,116,101
Contract liabilities	306,881	0	0	306,881
Total current liabilities	1,668,134	1,000	0	1,669,134
Long-term liabilities:				
Promise to give to APT Foundation	646,560	0	(646,560)	0
Total liabilities	2,314,694	1,000	(646,560)	1,669,134
Net assets:				
Without donor restrictions:				
Undesignated	16,955,752	11,510,145	546,579	29,012,476
Board designated - Ken Albers memorial fund	29,317	0	0	29,317
Board designated for future improvements	1,217,544	0	0	1,217,544
Total net assets without donor restrictions	18,202,613	11,510,145	546,579	30,259,337
With donor restrictions	3,380,464	1,338,934	(546,579)	4,172,819
Total net assets	21,583,077	12,849,079	0	34,432,156
TOTAL LIABILITIES AND NET ASSETS	\$ 23,897,771	\$ 12,850,079	(\$ 646,560)	\$ 36,101,290

** - The financial information for APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise 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, 2021

	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	\$ 2,277,762	\$ 0	\$ 0	\$ 2,277,762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,277,762
Concession revenue	299,932	0	0	299,932	0	0	0	0	299,932
Education revenue	9,444	0	0	9,444	0	0	0	0	9,444
Investment income	32,008	140,622	0	172,630	0	16,169	0	16,169	188,799
Other	27,026	0	0	27,026	0	0	0	0	27,026
Total operating revenue	2,646,172	140,622	0	2,786,794	0	16,169	0	16,169	2,802,963
Operating expenses:									
Artistic and production	3,639,022	0	0	3,639,022	0	0	0	0	3,639,022
Marketing and patron services	878,348	0	0	878,348	0	0	0	0	878,348
General and administrative	1,249,839	7,435	0	1,257,274	0	0	0	0	1,257,274
Fundraising	367,975	74,977	(124,322)	318,630	0	0	0	0	318,630
Education	116,703	0	0	116,703	0	0	0	0	116,703
Total operating expenses	6,251,887	82,412	(124,322)	6,209,977	0	0	0	0	6,209,977
Operating income (loss)	(3,605,715)	58,210	124,322	(3,423,183)	0	16,169	0	16,169	(3,407,014)
Support:									
Contributions for operations	3,676,650	0	(75,059)	3,601,591	126,028	0	0	126,028	3,727,619
Contributions for capital improvements	749,650	0	0	749,650	2,252,687	0	0	2,252,687	3,002,337
Grants	1,427,519	0	0	1,427,519	0	0	0	0	1,427,519
Contributions for APT Foundation	0	7,613,411	(49,263)	7,564,148	0	0	0	0	7,564,148
Gain (loss) on investments	(29,798)	663,127	0	633,329	0	107,438	0	107,438	740,767
Change in beneficial interest in assets held by the Kohler Foundation	0	0	0	0	55,956	0	0	55,956	55,956
Net assets released from restrictions for operations	158,275	134,012	(123,247)	169,040	(158,275)	(134,012)	123,247	(169,040)	0
Net assets released from restrictions for capital improvements	53,757	0	0	53,757	(53,757)	0	0	(53,757)	0
Total support	6,036,053	8,410,550	(247,569)	14,199,034	2,222,639	(26,574)	123,247	2,319,312	16,518,346
Income (loss) from current activities	2,430,338	8,468,760	(123,247)	10,775,851	2,222,639	(10,405)	123,247	2,335,481	13,111,332
Depreciation expense	545,504	0	0	545,504	0	0	0	0	545,504
Changes in net assets	1,884,834	8,468,760	(123,247)	10,230,347	2,222,639	(10,405)	123,247	2,335,481	12,565,828
Net assets - Beginning of year	16,317,779	3,041,385	669,826	20,028,990	1,157,825	1,349,339	(669,826)	1,837,338	21,866,328
Net assets - End of year	\$ 18,202,613	\$ 11,510,145	\$ 546,579	\$ 30,259,337	\$ 3,380,464	\$ 1,338,934	(\$ 546,579)	\$ 4,172,819	\$ 34,432,156

** - The financial information for APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC are included in these columns.

There were no eliminations between these entities and APT.

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
American Players Theater of Wisconsin, Inc.
Spring Green, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of American Players Theater of Wisconsin, Inc., and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements and have issued our report thereon dated May 20, 2022. The financial statements of APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, APT Sunrise Apartments, LLC, and American Players Theatre Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Players Theater of Wisconsin, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Players Theater of Wisconsin, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of American Players Theater of Wisconsin, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Players Theater of Wisconsin, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of American Players Theater of Wisconsin, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Players Theater of Wisconsin, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

May 20, 2022
Madison, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited American Players Theatre of Wisconsin, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the in the OMB *Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021. American Players Theatre of Wisconsin, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Players Theatre of Wisconsin, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance and the *State Single Audit Guidelines* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Players Theatre of Wisconsin, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of American Players Theatre of Wisconsin, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to American Players Theatre of Wisconsin, Inc.'s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Players Theatre of Wisconsin, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about American Players Theatre of Wisconsin, Inc.'s compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and *State Single Audit Guidelines* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding American Players Theatre of Wisconsin, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Players Theatre of Wisconsin, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purposes of expressing an opinion on the effectiveness of American Players Theatre of Wisconsin, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state programs on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

May 20, 2022
Madison, Wisconsin

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal and state programs:

<u>Name of Federal and State Major Program or Cluster</u>	<u>AL No.</u>
Shuttered Venue Operators Grant	59.075
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	250,000
Auditee qualified as low-risk auditee?	No*

*American Players Theatre of Wisconsin, Inc. is not a low-risk auditee due to the audit for the year ended December 31, 2020 not being subject to Single Audit requirements.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section IV – Status of Prior Year Findings

None

Section V - Other Issues

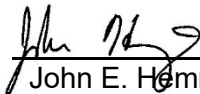
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner



John E. Hemming, CPA
May 20, 2022

Date of report