

American Players Theatre of Wisconsin, Inc., and Subsidiaries

Spring Green, Wisconsin

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2023 and 2022

 AMERICAN PLAYERS THEATRE



WIPFLI

Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of American Players Theatre of Wisconsin, Inc. and Subsidiaries (the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying 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, 2023 and 2022, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("GAAS"). 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 audits. 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 GAAP, 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 American Players Theatre of Wisconsin, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date the 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 GAAS 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 GAAS, 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 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 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 consolidating statement of financial position and consolidating statement of 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Wipfli LLP

Madison, Wisconsin

July 29, 2024

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Financial Position

<i>As of December 31</i>	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 440,437	\$ 2,041,237
Accounts receivable	96,999	77,829
Gift shop inventory	18,987	17,875
Prepaid expenses	287,976	249,957
Promises to give, current portion	442,192	456,834
Total current assets	1,286,591	2,843,732
Property and equipment	23,132,925	22,348,749
Less: Accumulated depreciation	(6,912,080)	(6,412,195)
Property and equipment, net	16,220,845	15,936,554
Right of use assets	535,818	550,706
Accumulated amortization	(236,754)	(151,403)
Lease assets, net	299,064	399,303
Other assets		
Investments	17,927,826	14,173,572
Promises to give, net	2,066,934	2,388,777
Beneficial interest in assets held by Kohler Foundation	112	312,187
Cash restricted for Actors' Equity Association	99,757	99,757
Total other assets	20,094,629	16,974,293
TOTAL ASSETS	\$ 37,901,129	\$ 36,153,882
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 88,044	\$ 118,667
Gift certificates	110,275	109,894
Other accrued expenses	86,676	57,869
Refundable advances	-	208,171
Contract liability	68,127	96,434
Lease liabilities, current portion	85,019	81,607
Total current liabilities	438,141	672,642
Long-term liabilities:		
Lease liabilities	220,840	317,696
Total long-term liabilities	220,840	317,696
Total liabilities	658,981	990,338
Net assets		
Without donor restrictions	31,441,596	29,044,800
Board designated - Ken Albers memorial fund	26,070	23,573
Board designated reserve	2,277,477	2,127,662
Total net assets without donor restrictions	33,745,143	31,196,035
With donor restrictions	3,497,005	3,967,509
Total net assets	37,242,148	35,163,544
TOTAL LIABILITIES AND NET ASSETS	\$ 37,901,129	\$ 36,153,882

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Activities

Year Ended December 31	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Ticket sales	\$ 4,479,732	\$ -	\$ 4,479,732	\$ 4,199,394	\$ -	\$ 4,199,394
Concession revenue	690,090	-	690,090	576,482	-	576,482
Education revenue	71,016	-	71,016	118,428	-	118,428
Investment income	438,046	16,471	454,517	269,488	14,459	283,947
Other income	92,980	-	92,980	102,736	-	102,736
Total revenue	5,771,864	16,471	5,788,335	5,266,528	14,459	5,280,987
Expenses:						
Artistic and Production	5,221,421	-	5,221,421	4,731,755	-	4,731,755
Marketing and Patron	1,448,881	-	1,448,881	1,315,171	-	1,315,171
Services	1,448,881	-	1,448,881	1,315,171	-	1,315,171
General and	1,697,156	-	1,697,156	1,683,117	-	1,683,117
administrative	1,697,156	-	1,697,156	1,683,117	-	1,683,117
Fundraising	318,737	-	318,737	266,359	-	266,359
Education	171,348	-	171,348	211,291	-	211,291
Total expenses	8,857,543	-	8,857,543	8,207,693	-	8,207,693
Operating income (loss)	(3,085,679)	16,471	(3,069,208)	(2,941,165)	14,459	(2,926,706)
Support:						
Contributions for	3,254,872	280,703	3,535,575	2,157,466	216,188	2,373,654
operations	3,254,872	280,703	3,535,575	2,157,466	216,188	2,373,654
Contributions for capital	-	40,396	40,396	75,000	1,311,559	1,386,559
improvements	-	40,396	40,396	75,000	1,311,559	1,386,559
Contributions for APT	7,480	40,396	47,876	363,343	1,159,912	1,523,255
Foundation	7,480	40,396	47,876	363,343	1,159,912	1,523,255
Grants	836,724	-	836,724	1,627,535	-	1,627,535
Gain (loss) on	1,565,152	91,047	1,656,199	(2,490,135)	(159,372)	(2,649,507)
investments	1,565,152	91,047	1,656,199	(2,490,135)	(159,372)	(2,649,507)
Change in beneficial	-	(310,540)	(310,540)	-	(46,946)	(46,946)
interest in trusts	-	(310,540)	(310,540)	-	(46,946)	(46,946)
Net assets released from	456,358	(456,358)	-	258,833	(258,833)	-
restrictions for	456,358	(456,358)	-	258,833	(258,833)	-
operations	456,358	(456,358)	-	258,833	(258,833)	-
Net assets released from	172,619	(172,619)	-	2,442,277	(2,442,277)	-
restrictions for capital	172,619	(172,619)	-	2,442,277	(2,442,277)	-
improvements	172,619	(172,619)	-	2,442,277	(2,442,277)	-
Total support	6,293,205	(486,975)	5,806,230	4,434,319	(219,769)	4,214,550
Income (loss) from current	3,207,526	(470,504)	2,737,022	1,493,154	(205,310)	1,287,844
activities	3,207,526	(470,504)	2,737,022	1,493,154	(205,310)	1,287,844
Depreciation expense	658,418	-	658,418	556,456	-	556,456
Changes in net assets	2,549,108	(470,504)	2,078,604	936,698	(205,310)	731,388
Net assets, beginning of year	31,196,035	3,967,509	35,163,544	30,259,337	4,172,819	34,432,156
Net assets, end of year	\$ 33,745,143	\$ 3,497,005	\$ 37,242,148	\$ 31,196,035	\$ 3,967,509	\$ 35,163,544

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

<i>Year Ended December 31, 2023</i>	Artistic and Production	Marketing and Patron Services	General and administrative	Fundraising	Education	Total Expenses
Salaries, taxes, and benefits	\$ 3,896,118	\$ 687,569	\$ 641,454	\$ 262,133	\$ 140,659	\$ 5,627,933
Fees and royalties	283,782	78,332	67,438	-	-	429,552
Travel and living expenses	695,217	2,854	-	1,303	-	699,374
Other expenses	37,051	3,485	16,450	10,635	15,838	83,459
Production materials	225,986	-	-	-	-	225,986
Supplies	69,271	10,961	29,242	-	-	109,474
Advertising expenses	-	97,384	-	-	-	97,384
Publicity and promotions	-	27,303	-	-	-	27,303
Sales campaigns	-	90,241	-	-	-	90,241
Audience services	-	45,694	-	-	-	45,694
Credit card commissions	-	156,524	-	-	-	156,524
Cost of goods	-	239,667	-	-	-	239,667
IT and office equipment	-	3,532	157,973	-	-	161,505
Utilities	-	-	102,881	-	-	102,881
Property & equip. maintenance	13,996	780	448,635	-	-	463,411
Administrative	-	4,555	96,510	-	-	101,065
Insurance	-	-	136,573	-	-	136,573
Donor relations	-	-	-	12,677	-	12,677
Direct mail	-	-	-	31,989	-	31,989
Programming	-	-	-	-	14,851	14,851
Total operating expenses	5,221,421	\$ 1,448,881	\$ 1,697,156	\$ 318,737	\$ 171,348	8,857,543
Depreciation	-	-	658,418	-	-	658,418
Total expenses	\$ 5,221,421	\$ 1,448,881	\$ 2,355,574	\$ 318,737	\$ 171,348	\$ 9,515,961

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

<i>Year Ended December 31, 2022</i>	Artistic and Production	Marketing and Patron Services	General and administrative	Fundraising	Education	Total Expenses
Salaries, taxes, and benefits	\$ 3,485,694	\$ 599,003	\$ 575,655	\$ 234,633	\$ 186,574	\$ 5,081,559
Fees and royalties	245,314	78,728	62,602	-	-	386,644
Travel and living expenses	601,476	1,083	-	1,627	-	604,186
Other expenses	33,515	7,574	20,581	(17,974)	9,117	52,813
Production materials	219,819	-	-	-	-	219,819
Supplies	117,848	9,942	26,255	-	-	154,045
Advertising expenses	-	109,609	-	-	-	109,609
Publicity and promotions	-	40,876	-	-	-	40,876
Sales campaigns	-	79,110	-	-	-	79,110
Audience services	-	38,050	-	-	-	38,050
Credit card commissions	-	142,636	-	-	-	142,636
Cost of goods	-	200,981	-	-	-	200,981
IT and office equipment	-	3,155	164,166	2,700	-	170,021
Utilities	-	-	103,584	-	-	103,584
Property & equip. maintenance	28,089	313	517,447	-	-	545,849
Administrative	-	4,111	86,122	-	-	90,233
Insurance	-	-	126,705	-	-	126,705
Donor relations	-	-	-	10,092	-	10,092
Direct mail	-	-	-	35,281	-	35,281
Programming	-	-	-	-	15,600	15,600
Total expenses	\$ 4,731,755	\$ 1,315,171	\$ 1,683,117	\$ 266,359	\$ 211,291	\$ 8,207,693
Depreciation	-	-	556,456	-	-	556,456
Total expenses	\$ 4,731,755	\$ 1,315,171	\$ 2,239,573	\$ 266,359	\$ 211,291	\$ 8,764,149

See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Year Ended December 31	2023	2022
Change in cash, cash equivalents, and restricted cash:		
Cash flows from operating activities:		
Change in net assets	\$ 2,078,604	\$ 731,388
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation expense	658,418	556,456
Non-cash lease expense included in occupancy expense	100,239	74,058
Realized and unrealized (gain) loss on investments	(1,656,199)	2,602,561
Change in beneficial interest in assets held by Kohler Foundation	-	46,946
Write-off of promises to give	-	2,600
Discount on promises to give	(96,378)	354,088
Changes in operating assets and liabilities:		
Accounts receivable	(19,169)	(5,012)
Gift shop inventory	(1,112)	1,513
Prepaid expenses	(38,020)	(43,459)
Promises to give	132,863	-
Accounts payable	(30,623)	(11,161)
Gift certificates	381	19,532
Other accrued expenses	28,807	15,006
Refundable advances	(208,171)	(907,930)
Contract liabilities	(28,307)	(210,447)
Lease liabilities	(93,444)	(74,058)
Total adjustments	(1,250,715)	2,420,693
Net cash flows from operating activities	827,889	3,152,081
Cash flows from investing activities:		
Purchase of investments	(5,440,253)	(3,360,146)
Purchase of property and equipment	(942,709)	(2,835,176)
Proceeds from sale of property and equipment	-	4,530
Sale of investments	3,342,197	2,459,213
Proceeds from Kohler Foundation	312,075	-
Net cash flows from investing activities	(2,728,690)	(3,731,579)
Cash flows from financing activities:		
Collection of promises to give	300,000	477,682
Contribution of promises to give	-	(3,000,000)
Net cash flows from financing activities	300,000	(2,522,318)
Net changes in cash, cash equivalents, and restricted cash	(1,600,801)	(3,101,816)
Cash, cash equivalents, and restricted cash, beginning of year	2,140,995	5,242,811
Cash, cash equivalents, and restricted cash, end of year	\$ 540,194	\$ 2,140,995
Supplemental disclosure of cash flow information:		
Leased assets obtained in exchange for new lease liabilities	\$ -	\$ 26,483
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 statement of cash flows:		
Cash and cash equivalents	\$ 440,437	\$ 2,041,238
Restricted cash	99,757	99,757
Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows	\$ 540,194	\$ 2,140,995

* Cash restricted for Actor's Equity Association is further discussed in Note 3 of the notes to the consolidated financial statements. See accompanying notes to consolidated financial statements.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to 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 1,075-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.

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, APT Sunrise 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.

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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organizations considers 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. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of collection history, customer attributes, and expected changes during a reasonable and supportable forecast period. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. If an amount becomes delinquent after all collection efforts have failed, the account is written off. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Prior to 2023, the carrying amount of accounts receivable were reduced by an allowance that reflected management's best estimate of the amounts that would not be collected based on collection history and customer attributes. Management expects to collect all receivables and did not consider an allowance necessary for accounts receivable at December 31, 2023 and 2022.

Promises to Give

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Unrestricted promises to give to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

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 pledge.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts.

Gift Shop Inventory

Gift shop inventory is recorded at cost as items are purchased. This inventory consists of books, clothing and accessories, food, games, stationary, and toys. 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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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

The Organizations carry investments at their fair values in the consolidated statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the consolidated statements of activities. Investment fees, if any, are netted with investment income on 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.

Beneficial Interest in Assets Held by the Kohler Foundation

The Organizations were named as an irrevocable beneficiary of a charitable trusts held and administered by the Kohler Foundation. 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. The American Players Theatre Endowment Trust was created independently by the Kohler Foundation and is administered by outside agents designated by the Kohler Foundation. Therefore, the Organizations have neither possession nor control over the assets of the trusts. At the date the Organizations received notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released. Investment fees, if any, are netted with return.

In 2023 the American Players Theatre Endowment Trust board voted to dissolve the Trust and distribute all assets to the Organizations releasing all net assets with donor restrictions to net assets without donor restrictions.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in 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.

ASC 842 Lease Accounting

The Organizations are a lessee in multiple noncancellable operating leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Leased assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The leased asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organizations have elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The leased asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, the Organizations have elected to not recognize leased assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organizations recognize short-term lease cost on a straight-line basis over the lease term.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

All acquisitions and improvements of property and equipment of \$5,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets 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.

Revenue Recognition

Ticket Sales

Ticket sales revenue results from patron purchases of tickets through the Organizations' box office or website and is reported at the amount that reflects the consideration to which the Organizations were entitled in exchange for providing theatre performances to patrons. The Organizations have 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 the 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. The Organizations' 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.

Due to the cancellation of its 2020 season the Organizations provided patrons with the option to convert ticket purchases to a donation to the Organizations, receive a refund, or receive an account credit. If the patron did not respond to the Organizations by December 31, 2020, the revenue recognized remained in ticket sales revenue. If a patron chose to change their ticket purchase to a donation, the Organizations 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 in contract liabilities as of December 31, 2023 and 2022 was \$67,927 and \$96,094.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Concession Revenue

Concession revenue results from patron purchases of products at the Organizations' concession stands and gift shops and is reported at the amount that reflects the consideration to which the Organizations were 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.

The Organizations do collect sales tax as required by the State of Wisconsin Department of Revenue. The Organizations exclude sales tax from the measurement of all transaction prices as they are collected and remitted directly to the State of Wisconsin as pass-through. The Organizations honor sales tax exemption certificates when provided by the consumer.

Sponsorship Fees

The Organizations sell 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 the Organizations were 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. The Organizations determine the transaction price based on publication and mailing of the advertising items.

Due to the cancellation of its 2020 season the Organizations provided sponsors with the option to convert their sponsorship to a contribution to the Organizations, receive a refund, or defer their sponsorship to future seasons. 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 are included in contract liabilities in the consolidated statement of financial position in the amount of \$200 and \$340 at December 31, 2023 and 2022.

Education Revenue

The Organizations provide summer camps, residences, and workshops to youth and local organizations. Revenue is reported at the amount that reflects the consideration to which the Organizations were 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. The Organizations determines the transaction price based on number of hours of service requested by the customer along with preparation and travel time.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

	2023	2022
Opening balance accounts receivable – Customers	\$ 77,829	\$ 72,817
Closing balance accounts receivable – Customers	96,999	77,829
Opening balance gift certificates – Customers	109,894	90,362
Closing balance gift certificates – Customers	110,275	109,894
Opening balance contract liabilities – Customers	96,434	306,881
Closing balance contract liabilities – Customers	68,127	96,434

Revenue recognized during the years ended December 31, 2023 and 2022, that was included in the opening balance of contract liabilities and gift certificates was \$101,922 and \$281,195.

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

Consolidated Notes to Financial Statements

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 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.

In-Kind Contributions

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. GAAP requires only contributions of services 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. The value of the volunteers' 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.

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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting.

Advertising and Promotion

Advertising and promotion costs are charged to operations when the advertising first takes place. Advertising and promotion expense was \$97,384 and \$109,609 for the years ended December 31, 2023 and 2022

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 consolidated 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

Consolidated Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through July 29, 2024, which is the date the financial statements were available to be issued.

Note 2: 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 \$249,000 in the operating checking account and \$1 in the capital checking account 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 3: Cash Restricted for Actors' Equity Association

The Organizations are required by the Actors' Equity Association to make a deposit to cover the total weekly salary for actors in case the Organizations are unable to pay the salaries. As of December 31, 2023 and 2022, the balance was \$99,757.

Note 4: 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 \$109,085 and \$96,583 at December 31, 2023 and 2022. 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 the Organizations' financial statements.

Note 5: 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. 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, Cole Street, and Sunrise 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 8).

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 5: 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, 2023:

Cash and cash equivalents	\$ 440,437
Accounts receivable	96,999
Investments	17,927,826
<hr/>	
Subtotal financial assets	18,465,262
Less: Current liabilities	(438,141)
Less: Promises to give - Future improvements included in financial assets	(300,000)
Less: Net assets with donor restrictions - purpose restriction included in financial assets	(106,403)
Less: Restricted and designated investments - Forrest Fund	(694,878)
Less: Board designated - Ken Albers memorial fund	(26,070)
Less: Board designated operating reserve for future maintenance and Baltimore Street, Cole Street, and Sunrise apartments	(2,277,477)
<hr/>	
Total	\$ 14,622,293

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, 2022:

Cash and cash equivalents	\$ 2,041,238
Accounts receivable	77,829
Investments	14,173,571
<hr/>	
Subtotal financial assets	16,292,638
Less: Current liabilities	(672,642)
Less: Promises to give - Next Great Stage	(22,618)
Less: Promises to give - future improvements	(150,000)
Less: Net assets with donor restrictions - purpose restriction included in financial assets	(106,034)
Less: Restricted and designated investments - Forrest Fund	(617,963)
Less: Board designated - Ken Albers memorial fund	(23,573)
Less: Board designated operating reserve for future maintenance and Baltimore Street, Cole Street, and Sunrise apartments	(2,127,662)
<hr/>	
Total	\$ 12,572,146

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 6: Promises to Give

Promises to give are unconditional. The present value of the outstanding promises to give balance for December 31, 2023 and 2022 was discounted at a blended rate of 4.08%. A breakdown of promises to give by purpose is as follows:

	2023	2022
Promises to give for capital improvement	\$ 1,200,000	\$ 1,372,619
Promises to give for operations	426,618	536,862
Promises to give to APT Foundation endowment	1,200,000	1,350,000
Subtotals	2,826,618	3,259,481
Present value discount	(317,492)	(413,870)
Totals	\$ 2,509,126	\$ 2,845,611

Future maturities on the promises to give are as follows:

2024	\$	442,192
2025		442,213
2026		442,213
2027		300,000
2028		300,000
Thereafter		900,000
Subtotal		2,826,618
Less - Present value discount		(317,492)
Total		2,509,126
Current portion	\$	442,192
Long-term portion		2,066,934
Total	\$	2,509,126

Note 7: 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. During the year ended December 31, 2023 the donor-restricted endowment trust was dissolved and funds were distributed to the Organizations. Total beneficial interest in assets held by the Kohler Foundation at December 31, 2023 and 2022, was \$112 and \$312,187.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 7: Beneficial Interest in Assets Held by the Kohler Foundation (Continued)

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

	2023	2022
Interest and dividends	\$ 6,627	\$ 7,018
Contribution	-	15,000
Realized and unrealized gain (loss)	46,064	(67,341)
Distributions	(361,584)	-
Investment fees	(1,647)	(1,623)
Total change	\$ (310,540)	\$ (46,946)

Note 8: 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 7. 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.

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.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 8: Donor-Designated Endowments (Continued)

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.

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

See Note 7

Changes in endowment funds with donor restrictions were as follows:

Endowments at January 1, 2022	\$ 1,151,488
Contribution	15,000
Withdrawal	(29,477)
Interest and dividends	21,476
Realized and unrealized losses	(226,714)
Investment fees	(1,622)
<hr/>	
Endowments at December 31, 2022	930,151
Withdrawal	(392,187)
Interest and dividends	21,561
Realized and unrealized gains	137,000
Investment fees	(1,647)
<hr/>	
Endowments at December 31, 2023	\$ 694,878

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 9: Investments

Investments at December 31, 2023 and 2022, and related returns for the years then ended consisted of the following:

Stocks	\$ 9,389,407	\$ 7,450,057
Bonds	4,982,451	4,543,151
US Treasury Notes	705,890	1,217,304
Money Market Funds	1,099,485	-
Certificates of Deposit	1,750,593	963,058
Total	\$ 17,927,826	\$ 14,173,570

Investment income consisting primarily of interest and dividends totaled \$454,517 and \$263,855 for the year ended December 31, 2023 and 2022. Unrealized and realized gain (loss) on investments totaled \$1,656,199 and \$(2,602,561) for the years ended December 31, 2023 and 2022.

Note 10: Fair Value Measurement

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.

See Note 7 for level 3 activity on beneficial interest in assets held by others.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 10: Fair Value Measurement (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2023 and 2022, is as follows:

	2023				
	Recurring Fair Value Measurements Using				
	Assets Measured at Fair Value	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	\$ 7,114,649	\$ 7,114,649	\$ -	\$ -	
Foreign	1,752,888	1,752,888	-	-	
Bonds - Domestic	2,785,428	2,785,428	-	-	
Endowment funds held by APT Foundation					
Stocks					
Domestic	417,010	417,010	-	-	
Foreign	104,860	104,860	-	-	
Bonds - Domestic	173,009	173,009	-	-	
APT board designated endowment funds					
Bonds - Domestic	26,070	26,070	-	-	
APT investments					
Money Market Funds	1,099,485	1,099,485	-	-	
Bonds - Domestic	1,997,944	1,997,944	-	-	
US Treasury Notes	705,890	705,890	-	-	
Domestic CDs	1,750,593	-	1,750,593	-	
Beneficial interest in assets held by others	112	-	-	112	
Total	\$ 17,927,938	\$ 16,177,233	\$ 1,750,593	\$ 112	

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 10: Fair Value Measurement (Continued)

	2022				
	Recurring Fair Value Measurements Using				
	Assets Measured at Fair Value	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	\$ 5,555,295	\$ 5,555,295	\$ -	\$ -	
Foreign	1,437,543	1,437,543	-	-	
Bonds - Domestic	2,476,715	2,476,715	-	-	
Endowment funds held by APT Foundation					
Stocks					
Domestic	363,527	363,527	-	-	
Foreign	93,693	93,693	-	-	
Bonds - Domestic	160,743	160,743	-	-	
APT board designated endowment funds					
Bonds - Domestic	23,573	23,573	-	-	
APT investments					
Bonds - Domestic	1,882,120	1,882,120	-	-	
US Treasury Notes	1,217,304	1,217,304	-	-	
Domestic CDs	963,058	-	963,058	-	
Beneficial interest in assets held by others	312,187	-	-	312,187	
Total	\$ 14,485,758	\$ 13,210,513	\$ 963,058	\$ 312,187	

Note 11: Property and Equipment

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

	2023	2022
Land and improvements	\$ 1,928,794	\$ 950,869
Buildings, stage, and sets	20,034,209	20,003,839
Light and sound equipment	183,067	136,952
Vehicles	465,620	426,825
Equipment	500,035	620,309
Construction in progress	21,200	209,955
Total cost	23,132,925	22,348,749
Accumulated depreciation	(6,912,080)	(6,412,195)
Property and equipment, net	\$ 16,220,845	\$ 15,936,554

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 12: Leases

The Organizations lease various properties for the purpose of housing seasonal actors as well as office equipment for use in the main office. The leases entered into do not include options to renew.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Operating leases are included in the following asset and liability accounts on the Organizations' consolidated statements of financial position: Leased assets, Current lease liabilities, and Noncurrent lease liabilities.

Components of lease expense were as follows for the year ended December 31, 2023 and 2022:

	2023	2022
Lease cost		
Operating lease cost	\$ 269,934	\$ 254,935
Short-term lease cost	84,633	86,971
Total lease cost	\$ 354,567	\$ 341,906

Supplemental balance sheet information related to leases is as follows as of December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term (in years) - Operating leases	3.82	4.82
Weighted-average discount rate - Operating leases	4.12 %	0.89 %

Maturities of lease liabilities are as follows as of December 31, 2023:

2024	\$	85,019
2025		86,603
2026		86,603
2027		71,788
Total lease payments		330,013
Less current portion		(85,019)
Less imputed interest		(24,154)
Total	\$	220,840

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidated Notes to Financial Statements

Note 13: Net Assets with Donor Restriction

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

	2023	2022
Promises to give - Time restriction	\$ 1,426,855	\$ 1,663,080
Promises to give - Next Great Stage	-	22,619
Promise to give - Future improvements	1,050,308	1,159,912
Purpose restriction - Creating the Classics	106,403	106,034
Time restriction - 2024 and 2023 season sponsorships	218,561	85,714
Forrest Fund Endowment	694,878	617,963
Kohler Endowment Fund - Perpetual in nature	-	312,187
Total net assets with donor restrictions	\$ 3,497,005	\$ 3,967,509

During the year ended December 31, 2023 the Kohler Endowment Fund was dissolved and funds were distributed to the Organizations.

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, 2023 and 2022:

	2023	2022
Expiration of time restrictions	\$ 425,755	\$ 258,833
Satisfaction of purpose restrictions		
Capital improvements: Next Great Stage	22,619	12,450
Capital improvements	150,000	2,429,827
Creating the Classics	30,603	-
Total net assets released from donor restrictions	\$ 628,977	\$ 2,701,110

Note 14: Employee Retirement Plan

The Organizations have 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 \$67,810 and \$64,789 for the years ended December 31, 2023 and 2022. Future employer contributions are discretionary and determined annually subject to the Organization's profitability and plan limitations.

Supplementary Information

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statements of Financial Position

<i>December 31, 2023</i>	American Players Theatre**	APT Foundation	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 440,412	\$ 25	\$ -	\$ 440,437
Accounts receivable	96,999	-	-	96,999
Gift shop inventory	18,987	-	-	18,987
Prepaid expenses	287,976	-	-	287,976
Promises to give, current portion	292,192	150,000	-	442,192
Promises to give from APT, current portion	-	142,192	(142,192)	-
Assets held by APT Foundation	106,403	-	(106,403)	-
Total current assets	1,242,969	292,217	(248,595)	1,286,591
Property and equipment	23,132,925	-	-	23,132,925
Less: Accumulated depreciation	(6,912,080)	-	-	(6,912,080)
Property and equipment, net	16,220,845	-	-	16,220,845
Right of use assets	535,818	-	-	535,818
Accumulated amortization	(236,754)	-	-	(236,754)
Leased asset, net	299,064	-	-	299,064
Other assets				
Investments	5,579,983	12,347,843	-	17,927,826
Promises to give, net	1,166,626	900,308	-	2,066,934
Promised to give from APT, net	-	266,318	(266,318)	-
Beneficial interest in assets	112	-	-	112
Cash restricted for Actors' Equity Association	99,757	-	-	99,757
Total other assets	6,846,478	13,514,469	(266,318)	20,094,629
TOTAL ASSETS	24,609,356	13,806,686	(514,913)	37,901,129

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statements of Financial Position (Continued)

<i>December 31, 2023</i>	American Players Theatre**	APT Foundation	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	88,044	-	-	88,044
Gift certificates	110,275	-	-	110,275
Other accrued expenses	86,676	-	-	86,676
Contract liability	68,127	-	-	68,127
Lease liabilities, current portion	85,019	-	-	85,019
Total current liabilities	438,141	-	-	438,141
Long-term liabilities				
Lease liabilities	220,840	-	-	220,840
APT assets held by APT Foundation	-	106,403	(106,403)	-
Promise to give to APT Foundation	408,510	-	(408,510)	-
Total long-term liabilities	629,350	106,403	(514,913)	220,840
Total liabilities	1,067,491	106,403	(514,913)	658,981
Net assets				
Without donor restrictions				
Undesignated	19,470,915	11,617,090	353,591	31,441,596
Board designated - Ken Albers memorial fund	26,070	-	-	26,070
Board designated reserve	2,277,477	-	-	2,277,477
Total net assets without donor restrictions	21,774,462	11,617,090	353,591	33,745,143
With donor restrictions	1,767,403	2,083,193	(353,591)	3,497,005
Total net assets	23,541,865	13,700,283	-	37,242,148
TOTAL LIABILITIES AND NET ASSETS	\$ 24,609,356	\$ 13,806,686	\$ (514,913)	\$ 37,901,129

** 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.

See Independent Auditor's Report on Supplementary Information.

American Players Theatre of Wisconsin, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended December 31, 2023	Without Donor Restrictions				With Donor Restrictions				Total
	American Players Theatre**	APT Foundation	Eliminations	Total Without Donor Restrictions	American Players Theatre**	APT Foundation	Eliminations	Total With Donor Restrictions	
Revenue:									
Ticket sales	\$ 4,479,732	\$ -	\$ -	\$ 4,479,732	\$ -	\$ -	\$ -	\$ -	\$ 4,479,732
Concession revenue	690,090	-	-	690,090	-	-	-	-	690,090
Education revenue	71,016	-	-	71,016	-	-	-	-	71,016
Interest income	208,634	260,384	(30,972)	438,046	-	16,471	-	16,471	454,517
Other income	92,980	-	-	92,980	-	-	-	-	92,980
Total revenue	5,542,452	260,384	(30,972)	5,771,864	-	16,471	-	16,471	5,788,335
Expenses:									
Artistic and Production	5,221,421	-	-	5,221,421	-	-	-	-	5,221,421
Marketing and Patron Services	1,448,881	-	-	1,448,881	-	-	-	-	1,448,881
General and administrative	1,693,156	4,000	-	1,697,156	-	-	-	-	1,697,156
Fundraising	465,463	245,936	(392,662)	318,737	-	-	-	-	318,737
Education	171,348	-	-	171,348	-	-	-	-	171,348
Total expenses	9,000,269	249,936	(392,662)	8,857,543	-	-	-	-	8,857,543
Operating income (loss)	(3,457,817)	10,448	361,690	(3,085,679)	-	16,471	-	16,471	(3,069,208)
Support:									
Contributions for operations	3,469,836	-	(214,964)	3,254,872	280,703	-	-	280,703	3,535,575
Contributions for capital improvements	-	-	-	-	40,396	-	-	40,396	40,396
Contributions for APT Foundation	-	138,621	(131,141)	7,480	-	55,981	(15,585)	40,396	47,876
Grants	836,724	-	-	836,724	-	-	-	-	836,724
Gain on investments	108,248	1,456,904	-	1,565,152	-	91,047	-	91,047	1,656,199
Change in beneficial interest in assets held by the Kohler Foundation	-	-	-	-	(310,540)	-	-	(310,540)	(310,540)
Net assets released from restrictions for operations	260,170	290,847	(94,659)	456,358	(260,170)	(290,847)	94,659	(456,358)	-
Net assets released from restrictions for capital improvements	172,619	-	-	172,619	(172,619)	-	-	(172,619)	-
Total support	4,847,597	1,886,372	(440,764)	6,293,205	(422,230)	(143,819)	79,074	(486,975)	5,806,230
Income (loss) from current activities	1,389,780	1,896,820	(79,074)	3,207,526	(422,230)	(127,348)	79,074	(470,504)	2,737,022
Depreciation expense	658,418	-	-	658,418	-	-	-	-	658,418
Changes in net assets	731,362	1,896,820	(79,074)	2,549,108	(422,230)	(127,348)	79,074	(470,504)	2,078,604
Net assets, beginning of year	21,043,100	9,720,270	432,665	31,196,035	2,189,633	2,210,541	(432,665)	3,967,509	35,163,544
Net assets, end of year	\$ 21,774,462	\$ 11,617,090	\$ 353,591	\$ 33,745,143	\$ 1,767,403	\$ 2,083,193	\$ (353,591)	\$ 3,497,005	\$ 37,242,148

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