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# Chicago Theatre Group, Inc.

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**Financial Report**  
**August 31, 2025**

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3-4
Statement of Activities	5
Schedule of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-23

## Independent Auditor's Report

To the Board of Trustees  
Chicago Theatre Group, Inc.

### **Opinion**

We have audited the financial statements of Chicago Theatre Group, Inc. (the "Theatre"), which comprise the statements of financial position as of August 31, 2025 and 2024 and the related statement of activities, schedule of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Theatre as of August 31, 2025 and 2024 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Theatre and to meet our 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 Financial Statements**

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

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

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 financial statements.

To the Board of Trustees  
Chicago Theatre Group, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Theatre's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Theatre's ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Summarized Comparative Information**

We have previously audited Chicago Theatre Group, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the years ended August 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Plante & Moran, PLLC*

December 16, 2025

**CHICAGO THEATRE GROUP, INC.**

**STATEMENTS OF FINANCIAL POSITION**

August 31, 2025 and 2024

**ASSETS**

	<u>2025</u>	<u>2024</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 693,297	\$ 293,172
Restricted cash	741,932	-
Grants, pledges and other receivables (net of allowance for uncollectible pledges of \$16,594 and \$32,178 in 2025 and 2024, respectively)	4,499,525	2,967,457
Prepaid expenses and deposits	<u>1,688,869</u>	<u>989,421</u>
Total Current Assets	<u>7,623,623</u>	<u>4,250,050</u>
<b>Noncurrent Investments</b>	<u>23,275,045</u>	<u>23,075,763</u>
<b>Property and Equipment</b>		
Building	47,651,595	47,651,595
Equipment	14,899,474	14,620,311
Leasehold improvements	5,517,733	5,517,733
Work-in-progress	<u>873,855</u>	<u>-</u>
Total	68,942,657	67,789,639
Less accumulated depreciation and amortization	<u>45,796,391</u>	<u>43,579,560</u>
Net Property and Equipment	<u>23,146,266</u>	<u>24,210,079</u>
<b>Other Assets</b>		
Grants, pledges and other receivables (net of current portion and net of present value discount of \$251,866 and \$130,084 in 2025 and 2024, respectively)	5,181,420	2,808,208
Right to use asset - Operating leases	6,274,772	721,435
Debt service reserve fund	<u>2,468,053</u>	<u>-</u>
Total Other Assets	<u>13,924,245</u>	<u>3,529,643</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 67,969,179</u></u>	<u><u>\$ 55,065,535</u></u>

**CHICAGO THEATRE GROUP, INC.**

**STATEMENTS OF FINANCIAL POSITION**

August 31, 2025 and 2024

**LIABILITIES AND NET ASSETS**

	<u>2025</u>	<u>2024</u>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,004,215	\$ 2,373,236
Contract liabilities	4,313,560	3,341,728
Operating lease liability - current	610,178	499,673
Line of credit	-	3,750,000
Bonds and promissary note payable - due within one year	-	3,656,859
Total current liabilities	<u>6,927,953</u>	<u>13,621,496</u>
<b>Long-term liabilities</b>		
Bonds and promissary note payable - long term, net of unamortized issuance costs and bond premium	29,825,487	19,105,961
Operating lease liability - long term	<u>5,972,679</u>	<u>408,586</u>
Total liabilities	<u>42,726,119</u>	<u>33,136,043</u>
<b>Net (Deficit) Assets</b>		
Without donor restriction		
Undesignated	(8,484,259)	(5,016,964)
Board Designated	<u>15,655,943</u>	<u>14,940,284</u>
Total unrestricted net assets	7,171,684	9,923,320
With donor restriction	18,071,376	12,006,172
Total net assets	<u>25,243,060</u>	<u>21,929,492</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 67,969,179</u>	<u>\$ 55,065,535</u>

**CHICAGO THEATRE GROUP, INC.**

**STATEMENT OF ACTIVITIES**

For the Year Ended August 31, 2025 (summarized information for the year ending August 31, 2024)

	Without Restriction			With Restriction	Total	2024
	Annual Operations	Designated	Total			
<b>REVENUES</b>						
Admissions						
Subscriptions	\$ 2,683,616	\$ -	\$ 2,683,616	\$ -	\$ 2,683,616	\$ 2,559,821
Individual and group ticket sales	9,610,403	-	9,610,403	-	9,610,403	9,809,592
Total admissions	12,294,019	-	12,294,019	-	12,294,019	12,369,413
Public support	6,550,225	2,445,911	8,996,136	8,296,429	17,292,565	14,524,510
Contributed nonfinancial assets	163,576	-	163,576	-	163,576	82,348
Net investment income, net of investment fees of \$75,581	79,324	1,653,213	1,732,537	720,178	2,452,715	1,811,842
Concessions income, net of expenses of \$471,906	388,507	-	388,507	-	388,507	405,354
Facilities, costume and scenery rentals	161,535	-	161,535	-	161,535	246,521
Royalty and tour income	4,480	-	4,480	-	4,480	68,919
Miscellaneous income	88,636	-	88,636	-	88,636	82,494
Total Revenues	19,730,302	4,099,124	23,829,426	9,016,607	32,846,033	29,591,401
Net Assets Released from Restrictions	1,403,575	1,332,828	2,736,403	(2,736,403)	-	-
Investment Income Designated for Operations	1,265,000	(1,050,000)	215,000	(215,000)	-	-
Total Revenues and Net Assets Released from Restrictions	22,398,877	4,381,952	26,780,829	6,065,204	32,846,033	29,591,401
<b>EXPENSES</b>						
Program Services						
Direct Expenses						
Artistic	6,351,122	1,680,384	8,031,506	-	8,031,506	9,320,373
Production	5,388,725	1,190,272	6,578,997	-	6,578,997	9,248,636
General artistic	1,609,555	-	1,609,555	-	1,609,555	1,223,301
Education	1,057,019	-	1,057,019	-	1,057,019	1,621,461
General production	1,495,838	-	1,495,838	-	1,495,838	1,440,356
Total Program Services	15,902,259	2,870,656	18,772,915	-	18,772,915	22,854,127
Supporting Services						
General and administrative	3,730,640	525,120	4,255,760	-	4,255,760	5,547,556
Advertising and subscription	3,799,231	-	3,799,231	-	3,799,231	4,031,495
Fundraising	2,434,042	270,517	2,704,559	-	2,704,559	2,546,227
Total Supporting Services	9,963,913	795,637	10,759,550	-	10,759,550	12,125,278
Total Expenses	25,866,172	3,666,293	29,532,465	-	29,532,465	34,979,405
<b>CHANGE IN NET ASSETS</b>	(3,467,295)	715,659	(2,751,636)	6,065,204	3,313,568	(5,388,004)
NET (DEFICIT) ASSETS - Beginning of Year	(5,016,964)	14,940,284	9,923,320	12,006,172	21,929,492	27,317,496
<b>NET (DEFICIT) ASSETS - END OF YEAR</b>	<u>\$ (8,484,259)</u>	<u>\$ 15,655,943</u>	<u>\$ 7,171,684</u>	<u>\$ 18,071,376</u>	<u>\$ 25,243,060</u>	<u>\$ 21,929,492</u>

CHICAGO THEATRE GROUP, INC.

SCHEDULE OF GENERAL FUNCTIONAL EXPENSES - ANNUAL OPERATIONS  
For the Year Ended August 31, 2025 with Summarized Comparative Totals for the year ending August 31, 2024

	Program Services						Supporting Services						Total 2025 Expenses	Total 2024 Expenses
	Direct Expenses						General and Administration	Advertising and Subscription	Fundraising	Total Supporting Expenses				
	Artistic	Production	General Artistic	Education	General Production	Total Program Services								
Salaries and wages	\$ 2,619,195	\$ 3,154,219	\$ 1,112,942	\$ 513,589	\$ 1,134,565	\$ 8,534,510	\$ 2,173,684	\$ 1,435,722	\$ 1,045,816	\$ 4,655,222	\$ 13,189,732	44.7 %	\$ 14,987,412	42.8 %
Payroll taxes employee benefits	797,750	675,598	178,878	81,968	198,947	1,933,141	380,789	226,956	180,529	788,274	2,721,415	9.2	2,980,170	8.5
Advertising	-	-	-	1,519	-	1,519	-	1,698,525	-	1,698,525	1,700,044	5.8	1,880,276	5.4
Royalties	603,884	-	-	-	-	603,884	-	-	-	-	603,884	2.0	465,220	1.3
Fees and expenses	1,082,329	13,600	237,602	292,762	-	1,626,293	34,244	-	224,664	258,908	1,885,201	6.4	2,938,316	8.4
Costumes	-	227,448	-	1,548	-	228,996	-	-	-	-	228,996	0.8	637,166	1.8
Electrical equipment	-	147,760	-	1,261	-	149,021	-	-	-	-	149,021	0.5	264,461	0.8
Props and scenery	13,901	544,434	-	2,486	-	560,821	-	-	-	-	560,821	1.9	1,725,890	4.9
Travel, housing and entertainment	384,822	14,099	53,930	26,645	4,406	483,902	54,244	5,869	8,222	68,335	552,237	1.9	1,079,565	3.1
Health and Safety	61,197	1,658	-	390	-	63,245	1,206	-	146	1,352	64,597	0.2	5,020	
Insurance	29,652	49,915	-	5,930	-	85,497	103,827	-	2,224	106,051	191,548	0.6	185,507	0.5
Repairs and maintenance	116,813	140,037	-	20,376	4,678	281,904	43,975	-	7,641	51,616	333,520	1.1	444,540	1.3
Supplies and non-depreciable equipment	102,222	28,292	20,458	23,709	62,401	237,082	249,695	273,234	89,516	612,445	849,527	2.9	1,054,778	3.0
Postage	-	-	160	-	-	160	8,990	157,296	9,436	175,722	175,882	0.6	208,356	0.6
Rental	279,683	82,605	-	19,437	-	381,725	36,443	-	7,289	43,732	425,457	1.4	384,265	1.1
Depreciation and amortization	997,236	719,304	5,585	8,926	65,652	1,796,703	355,124	1,629	63,375	420,128	2,216,831	7.5	2,229,593	6.4
Phone campaign	-	-	-	-	-	-	-	-	145,321	145,321	145,321	0.5	126,927	0.4
Benefit and other event expense	-	-	-	-	-	-	-	-	733,891	733,891	733,891	2.5	755,553	2.2
Utilities	198,261	247,534	-	36,049	-	481,844	67,592	-	13,518	81,110	562,954	1.9	486,272	1.4
Security	-	-	-	-	-	-	232,942	-	-	232,942	232,942	0.8	286,715	0.8
Interest	708,579	501,910	-	-	-	1,210,489	380,564	-	44,286	424,850	1,635,339	5.5	1,753,826	5.0
Miscellaneous	35,982	30,584	-	20,424	25,189	112,179	132,441	-	128,685	261,126	373,305	1.3	99,577	0.3
Total	\$ 8,031,506	\$ 6,578,997	\$ 1,609,555	\$ 1,057,019	\$ 1,495,838	\$ 18,772,915	\$ 4,255,760	\$ 3,799,231	\$ 2,704,559	\$ 10,759,550	\$ 29,532,465	100.0 %	\$ 34,979,405	100.0 %



# CHICAGO THEATRE GROUP, INC.

## STATEMENTS OF CASH FLOWS For the Years Ended August 31, 2025 and 2024

	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 3,313,568	\$ (5,388,004)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	2,216,831	2,229,593
Amortization of bond issuance cost	46,584	49,189
Unrealized (gain) loss on investments	(333,397)	377,321
Realized gain on investments	(1,451,877)	(1,476,785)
Noncash operating lease	121,261	(64,070)
Change in noncash assets and liabilities		
Grants, pledges and other receivables	(3,905,280)	(1,177,732)
Prepaid expenses and deposits	(699,448)	345,060
Accounts payable and accrued expenses	(369,021)	767,891
Contract liabilities	971,832	108,488
Net Cash Flows used in Operating Activities	(88,947)	(4,229,049)
<b>Cash Flows From Investing Activities</b>		
Sales of investments	21,997,119	74,672,965
Purchases of investments	(20,411,127)	(72,178,630)
Purchases of equipment and leasehold improvements	(1,153,018)	(241,535)
Net Cash Flows from Investing Activities	432,974	2,252,800
<b>Cash Flows From Financing Activities</b>		
Borrowings under line of credit	400,000	3,925,000
Payment under line of credit	(4,150,000)	(1,275,000)
Proceeds from issuance of new bonds	30,757,160	-
Bond issuance costs	(978,255)	-
Payments on bonds payable	(19,733,001)	(691,570)
Payment for mortgage loan	(3,029,821)	-
Net Cash Flows from Financing activities	3,266,083	1,958,430
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,610,110	(17,819)
Cash and Cash Equivalents - Beginning of Year	293,172	310,991
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 3,903,282</b>	<b>\$ 293,172</b>
<b>Supplemental Disclosure - Cash paid for interest</b>	<b>\$ 903,656</b>	<b>\$ 1,704,637</b>
<b>Classification of Cash, Cash Equivalents and Restricted Cash</b>		
Cash and Cash Equivalents	\$ 693,297	\$ 293,172
Restricted Cash	741,932	-
Debt Service Reserve Fund	2,468,053	-
	<b>\$ 3,903,282</b>	<b>\$ 293,172</b>

See accompanying notes to financial statements.

**Note 1 - Nature of Business**

Chicago Theatre Group, Inc. (the "Theatre") operates as the Goodman Theatre, an Illinois not-for-profit corporation established for the purpose of promoting interest in the theatre arts in Chicago. The Theatre's annual activities include the production of five main-stage series plays, a special holiday production, three second-stage series plays and other second-stage presentations, and educational and community engagement programs. The Theatre is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

**Note 2 - Significant Accounting Policies**

***Basis of Presentation***

The financial statements of the Theatre have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Revenue and expenses are reported on the accrual basis. The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Theatre's financial statements for the year ended August 31, 2024, from which the summarized information was derived.

***Classification of Net Assets***

Net assets of the Theatre are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category are further segregated into annual operations and designated. Annual operations represent the undesignated operating activity of the Theatre.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Theatre or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity and the investment income on the principal be used for the specified purposes outlined by the donor.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

***Cash, Cash Equivalents, and Restricted Cash***

The Theatre considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents funds to be used for 2025 and 2024 construction projects and the Debt Service Reserve Fund is required to be maintained by bond obligations, as disclosed in Note 6.

The Theatre maintains cash balances at various financial institutions that at times may exceed federally insured limits. The Theatre has not experienced losses in such accounts.

***Public Support and Related Receivables***

Contributions, including cash and noncash assets, as well as reasonably collectible unconditional promises to give, are recognized in the year received.

Conditional promises to give, which depend on the occurrence of specified future and uncertain events to bind the promise, are recognized when the conditions on which they depend are substantially met.

**August 31, 2025 and 2024**

**Note 2 - Significant Accounting Policies (Continued)**

When donor restrictions expire (i.e., when a stipulated time restriction ends or other restriction is met), the Theatre reports the change from net assets with donor restrictions to net assets without donor restrictions as net assets released from restrictions in the statement of activities.

The Theatre analyzes all uncollected pledges as of year end and determines allowances as appropriate. The Theatre has an allowance of \$16,594 and \$32,178 as of August 31, 2025 and 2024, respectively.

***Investments***

Investments are reported at fair value. Changes in fair value during the year are recorded as realized and unrealized gains or losses in the statement of activities. Investments are exposed to various risks, such as interest rate, market, and credit risks. It is at least reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect amounts reported.

***Leases***

The Theatre has operating leases for purposes disclosed in Note 8. The Theatre recognizes expense for operating leases on a straight-line basis over the lease term. The Theatre made a policy election not to separate lease and nonlease components for its operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. The Theatre elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

***Property and Equipment***

Property and equipment are recorded at cost, and the straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The building is being depreciated using the straight-line method over an estimated useful life of 40 years. Capitalized interest costs associated with the New Goodman Theatre Project are included in the cost of the building and are being depreciated over the estimated useful life of the building. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or 10 years. Equipment with a cost in excess of \$600 is capitalized at cost. Costs of maintenance and repairs are charged to expense when incurred.

Depreciation and amortization expense for property and equipment totaled \$2,216,831 and \$2,229,593 for the years ended August 31, 2025 and 2024, respectively.

***Contract Liabilities***

Contract liabilities consist of amounts received by the Theatre that are intended for and will be recognized as revenue in future periods, including payments for subscriptions, admissions, and events.

***Revenue Recognition for Contracts with Customers - Admissions***

The Theatre sells tickets to patrons for a production performance with a specified date and time. The Theatre recognizes revenue as the performance obligation is met, which occurs when patrons present tickets for entry. The transaction price is calculated as the amount of consideration to which the Theatre expects to be entitled (price of the subscription or ticket set in advance). Payment is received at the point of sale. All payments are generally nonrefundable. During the uncertainty of current times, the Theatre allows for credits or refunds. In some situations, the Theatre bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Theatre recognizing contract liabilities. Total contract liabilities were \$3,233,240 as of September 1, 2023.

***Contributed Nonfinancial Assets***

Certain donated goods and services are recognized as support in the statement of activities. The values of these goods and services are determined based on estimated fair values. See Note 9 for the categorization and valuation techniques applied to all donated goods and services.

**Note 2 - Significant Accounting Policies (Continued)**

***Advertising Costs***

Direct-response advertising costs are capitalized and amortized on the basis of the straight-line method over the subscription period. Capitalized direct-response advertising costs were \$68,084 and \$33,871 as of August 31, 2025 and 2024, respectively, and are presented as prepaid expenses and deposits on the statements of financial position. All other advertising and marketing expenses are charged to income during the year in which they are incurred. Advertising expense for the years ended August 31, 2025 and 2024 was \$1,700,044 and \$1,880,276, respectively.

***Impairment or Disposal of Long-lived Assets***

The Theatre reviews the recoverability of long-lived assets, including buildings, equipment, internal-use software, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. There were no impairment losses recorded in 2025 or 2024.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Functional Allocation of Expenses***

Costs of providing the program and supporting services have been reported on a functional basis in the schedule of functional expenses. Costs are charged to program services and supporting services on an actual basis when available. Accordingly, certain costs have been allocated among the program and supporting services on bases and estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Facility expenses (including salaries, occupancy, supplies, and utilities), building depreciation, and debt service expenses of \$5,676,826 and \$5,614,785 for 2025 and 2024, respectively, are allocated based on square footage as follows:

Artistic	40.00 %
Production	34.00
Education	8.00
Development	3.00
General and administrative	15.00
	<hr/>
Total	100.00 %
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***Income Tax Status***

The Internal Revenue Service has determined that the Theatre is exempt from federal income tax under Section 503(c)(3) of the Internal Revenue Code. It is also exempt from state income tax; however, any unrelated business income may be subject to taxation.

August 31, 2025 and 2024

## Note 2 - Significant Accounting Policies (Continued)

The Theatre follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Theatre for uncertain tax positions as of August 31, 2025 and 2024.

### ***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including December 16, 2025, which is the date the financial statements were available to be issued.

## Note 3 - Fair Value Measurements

### ***Fair Value Hierarchy***

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Theatre has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Investments using net asset value (NAV) per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as NAV in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the statements of financial position. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

### ***Valuation Techniques and Inputs***

Level 1 assets include investments in fixed-income, equity, and real estate that are based on quoted market prices. There have been no changes in the techniques and inputs used as of August 31, 2025 and 2024.

While the Theatre believes 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 estimate of fair value at the reporting date.

The following are descriptions of the valuation methods and assumptions used by the Theatre to estimate the fair values of investments:

### ***Fixed-income Funds***

The fair value of fixed-income funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

August 31, 2025 and 2024

**Note 3 - Fair Value Measurements (Continued)****Equity Funds**

The fair value of readily marketable equities, including domestic stocks, international stocks, and equity funds, is determined by obtaining quoted prices on nationally recognized securities exchanges.

**Real Estate Funds**

The fair value of real estate funds that are readily marketable is determined by obtaining quoted prices on nationally recognized securities exchanges.

**Alternative Investments**

As of August 31, 2024, the Theatre's investment in alternative investments consists of two hedge portfolios. One fund, with an approximate fair value of \$686,000, is an umbrella type investment company that is structured as an umbrella fund with segregated liability between sub funds, which engage in a variety of investment strategies. The Theatre may redeem all or part of its participating share from the fund quarterly, upon 30 days' advance written notice. The second fund, with an approximate fair value of \$468,000, is a limited partnership fund, which invests in and sells short securities and instruments. As of August 31, 2025, the Theatre did not have investments in alternative investments.

The following tables present information about the Theatre's assets measured at fair value on a recurring basis at August 31, 2025 and 2024:

		Assets Measured at Fair Value on a Recurring Basis at August 31, 2025				
		Level 1	Level 2	Level 3	NAV	Total
<b>Assets</b>						
Fixed-income funds:						
U.S. fixed income	\$	5,247,099	\$ -	\$ -	\$ -	\$ 5,247,099
Non-U.S. fixed income		602,075	-	-	-	602,075
Equity funds:						
U.S. equity		10,039,553	-	-	-	10,039,553
Non-U.S. equity		5,652,351	-	-	-	5,652,351
Real estate funds - U.S. real estate						
		206,896	-	-	-	206,896
Total assets	\$	21,747,974	\$ -	\$ -	\$ -	\$ 21,747,974
		Assets Measured at Fair Value on a Recurring Basis at August 31, 2024				
		Level 1	Level 2	Level 3	NAV	Total
<b>Assets</b>						
Fixed-income funds - U.S. fixed income						
	\$	6,597,665	\$ -	\$ -	\$ -	\$ 6,597,665
Equity funds:						
U.S. equity		9,948,748	-	-	-	9,948,748
Non-U.S. equity		3,521,908	-	-	-	3,521,908
Real estate funds:						
U.S. real estate		364,754	-	-	-	364,754
Non-U.S. real estate		88,309	-	-	-	88,309
Alternative investments		-	-	-	1,154,616	1,154,616
Total	\$	20,521,384	\$ -	\$ -	\$ 1,154,616	\$ 21,676,000

Not included in the tables above are cash and cash equivalents held with investment managers of \$1,527,071 and \$1,399,763 as of August 31, 2025 and 2024, respectively.

## Notes to Financial Statements

August 31, 2025 and 2024

### Note 4 - Grants, Pledges, and Other Receivables

Grants, pledges, and other receivables, net of allowance for uncollectible amounts, at August 31 consist of the following:

	2025	2024
Grants and pledges:		
Goodman Centennial Campaign	\$ 5,973,366	\$ 3,663,848
Individuals	1,323,169	1,126,395
Government	130,000	40,000
Foundations	1,844,250	870,000
Corporations	477,172	72,500
	<u>9,747,957</u>	<u>5,772,743</u>
Gross grants and pledges	9,747,957	5,772,743
Less unamortized discount	(251,866)	(130,084)
Less allowance for uncollectible pledges	(16,594)	(32,178)
Other receivables	<u>201,448</u>	<u>165,184</u>
	<u>9,680,945</u>	<u>5,775,665</u>
Total receivables	9,680,945	5,775,665
Less current portion	<u>(4,499,525)</u>	<u>(2,967,457)</u>
	<u>\$ 5,181,420</u>	<u>\$ 2,808,208</u>
Noncurrent portion		

The current portion of the above is due in less than one year. The noncurrent portion is all due within one to five years.

Goodman's Centennial Campaign was established in 2019 to build a legacy for the Theatre. Initially, during the silent phase, gifts were collected and restricted by donors to support 11 core areas. The gifts are recorded with and without donor restrictions based on donor intent (see Note 10).

Pledges receivable have been discounted using rates ranging from 3.58 percent to 3.95 percent. Amortization of the discount is reported as public support in the statement of activities.

Contributions from related parties, which represent donations made by board members, totaled \$2,227,534 and \$1,762,700 in 2025 and 2024, respectively, and contributions receivable from related parties were \$219,652 and \$2,565,196 at August 31, 2025 and 2024, respectively.

### Note 5 - Net Investment Income

The components of investment income and gains (losses) on investments for the years ended August 31, 2025 and 2024 are as follows:

	2025	2024
Interest and dividends	\$ 663,697	\$ 712,378
Realized gains	1,451,877	1,476,785
Unrealized gains (losses)	<u>337,141</u>	<u>(377,321)</u>
	<u>\$ 2,452,715</u>	<u>\$ 1,811,842</u>
Total		



August 31, 2025 and 2024

**Note 5 - Net Investment Income (Continued)**

The statement of activities reflects a distribution of investment earnings from designated investments to annual operations of \$1,050,000 and \$1,295,000 for 2025 and 2024, respectively. For fiscal years 2025 and 2024, the distribution represents 4.5 percent and 6.2 percent, respectively, of a three-year rolling average of the investment market value.

Additionally, the statement of activities reflects a distribution from donor-imposed restricted investments for the purpose of specific program activities. The distribution is approved at 4 percent of a three-year rolling average of the investment market value. For the years ended August 31, 2025 and 2024, the distributions are \$215,000.

The Chicago Community Trust (CCT) holds investments valued at approximately \$2,347,000 and \$2,205,000 at August 31, 2025 and 2024, respectively, in a designated endowment fund, of which the Theatre is named beneficiary of the income. CCT distributed \$77,978 and \$79,705 during the years ended August 31, 2025 and 2024, respectively. The Theatre has not reflected an asset for a beneficial interest on its statements of financial position because this is a designated trust for which the CCT has variance power to redirect the benefits.

**Note 6 - Bond/Mortgage Payable**

Long-term debt at August 31 is as follows:

	2025	2024
Series 2015: \$22,471,874 direct bond purchase agreement. The variable-rate revenue bonds held by Illinois Finance Authority (IFA) were issued to refund and retire existing bonds originally issued in 1999 to build a new theatre facility. The bonds carry a 24-year term, due on October 1, 2043, with escalating principal payments due on October 1 of each year plus interest. The interest rate is variable equal to the sum of 79 percent of the one-month Bloomberg Short-Term Bank Yield Index Rate (BSBY) plus the initial applicable spread. The interest rate at August 31, 2024 was 5.77 percent. The outstanding principle and all accrued interest on the bonds were paid off as part of a refinancing in April 2025	\$ -	\$ 19,733,000
Promissory note: The original note in the amount of \$3,450,000 retires the original line of credit used to build out the new Goodman Center for Education and Engagement. The facility carries a 5-year term, due on May 31, 2025, with escalating payments due on October 1 of each year plus interest stated at BSBY plus 1.60 percent. The interest rate at August 31, 2024 was 7.44 percent. The term loan is collateralized by the Goodman Center for Education and Engagement. The outstanding principle and all accrued interest on the promissory note was paid off as part of a refinancing in April 2025	-	3,029,820
IFA Series 2025A bond payable, including interest at a fixed rate of 5.125 percent. Interest-only payments are due semiannually on October 31 and April 30 with varying annual principal amounts coming due in 2034 and maturing on October 1, 2035	1,650,000	-
IFA Series 2025A bond payable, including interest at a fixed rate of 6 percent. Interest only payments are due semiannually on October 31 and April 30 with varying annual principal amounts coming due in 2036 and maturing on October 1, 2045	13,650,000	-
IFA Series 2025A bond payable, including interest at a fixed rate of 6.125 percent. Interest-only payments are due semiannually on October 31 and April 30 with varying annual principal amounts coming due in 2046 and maturing on October 1, 2050	10,620,000	-



## Notes to Financial Statements

August 31, 2025 and 2024

## Note 6 - Bond/Mortgage Payable (Continued)

	2025	2024
IFA Series 2025B bond payable, including interest at a fixed rate of 7.5 percent. Interest-only payments are due semiannually on October 31 and April 30 with varying annual principal amounts coming due in 2028 and maturing on October 1, 2034	\$ 4,555,000	\$ -
Unamortized bond premium	282,158	-
Unamortized bond issuance costs	(931,671)	-
Less current portion	-	3,656,859
Long-term portion	<u>\$ 29,825,487</u>	<u>\$ 19,105,961</u>

On April 2, 2025, the Theatre entered into loan agreements with the Illinois Finance Authority, a body politic and corporate created and existing under the laws of the State of Illinois, which lent the Theatre the proceeds from the sale of various bonds, as disclosed in the table above. Each of the bonds were issued pursuant to a bond trust indenture between the Theatre and a trustee. The bonds are secured by the Theatre's performance spaces. The bonds are subject to optional sinking fund and extraordinary redemption prior to their scheduled maturities. The bonds were issued to refund and retire existing bonds, the promissory note, and line of credit disclosed in Note 7.

Previous debt issuance costs of \$368,916 were fully amortized in 2024. Amortization expense related to bond issuance costs totaled \$46,584 for 2025.

The balance of the above bonds mature as follows:

Years Ending	Amount
2028	\$ 590,000
2029	640,000
2030	685,000
Unaccreted bond premium	282,158
Unamortized debt discount	(931,671)
Thereafter	<u>28,560,000</u>
Total	<u>\$ 29,825,487</u>

Interest expense for 2025 and 2024 was \$1,635,339 and \$1,704,637, respectively.

As part of the bond trust indenture (the "Trust") dated April 2, 2025, the Theatre is subject to various financial covenants, including a debt service coverage ratio of no less than 1.25 and a liquidity days cash on hand covenant of at least 90 days. The covenants are required to be measured annually at the end of each fiscal year. The Theatre was in compliance with all covenants for the year ended August 31, 2025.

Under the Trust, the Theatre has pledged certain assets to secure the bonds payable. The restricted cash is held in funds designated by the trustee to maintain use restrictions. The funds include the following:

**Project Fund:** Initial restriction of bond proceeds to be used for capital projects at the Theatre's leased and owned properties. The ending balance of these funds designated by the Trust as of August 31, 2025 is \$741,932 and is presented as restricted cash in the accompanying statements of financial position.

**Debt Service Reserve Fund:** Consists of funds eligible to cure any deficiency related to the IFA Series 2025A and Series 2025B principle and interest obligations. The ending balance of these funds designated by the Trust as of August 31, 2025 is \$2,468,053 and is presented as Debt Service Reserve Fund in the accompanying statements of financial position.

## Notes to Financial Statements

August 31, 2025 and 2024

**Note 7 - Line of Credit**

Under a line of credit agreement with a bank, the Theatre had available borrowings of \$4,000,000. Interest was payable monthly at a rate of 2.5 percent above BSBY. The line of credit was collateralized by the investment account and was set to expire on May 31, 2026. As of August 31, 2024, the outstanding balance on the line was \$3,750,000. The full outstanding principal and interest related to the line was paid and retired by the bonds issued in 2025, as disclosed in Note 6.

Interest expense incurred on the line of credit during 2025 and 2024 totaled \$159,133 and \$205,299, respectively.

**Note 8 - Leases**

The Theatre is obligated under operating leases primarily for performance and event space and the Goodman Center for Education and Engagement, expiring at various dates through February 2031. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 3.5 to 3.7 percent.

The Theatre made a policy election not to separate lease and nonlease components for its operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Future minimum lease payments under these operating leases are as follows:

Years Ending August 31	Amount
2026	\$ 862,321
2027	1,309,184
2028	1,411,380
2029	1,467,834
2030	1,526,550
Thereafter	<u>778,242</u>
Total	7,355,511
Less amount representing interest	<u>772,654</u>
Present value of net minimum lease payments	<u>\$ 6,582,857</u>

Expenses recognized under the leases for the years ended August 31, 2025 and 2024 consist of the following:

	2025	2024
Operating lease cost	\$ 629,023	\$ 384,265
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 474,317	\$ 474,317
Right-of-use assets obtained in exchange for new operating lease liabilities	6,120,783	-
Weighted-average remaining operating lease terms (years)	5.3	2.0
Weighted-average discount rate - Operating leases	3.7 %	3.5 %

## Notes to Financial Statements

August 31, 2025 and 2024

**Note 9 - Contributed Nonfinancial Assets**

Contributed nonfinancial assets recognized within the statement of activities consisted of the following for the years ended August 31:

	2025	2024
Video and audio recordings	\$ 46,356	\$ 38,785
Professional services	43,039	19,860
Office and production equipment	25,516	23,250
Concessions	48,665	453
Total	<u>\$ 163,576</u>	<u>\$ 82,348</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed video and audio recordings are used for the creation of various advertisements for the Theatre's operations. Contributed professional services are provided to the Theatre for general and administrative support services. Contributed office and production equipment is used by various members of staff for general operations and for use within various stage productions, respectively. Contributed concessions are products donated to the Theatre for sale to patrons during productions or during special events.

The Theatre estimated the fair value for contributed video and audio recordings and professional services based on the current rates for similar services if provided in a nondonation transaction. Contributed video and audio recordings and professional services are expensed at the time the services are provided and recognized as advertising and fees and expenses, respectively, on the schedule of functional expenses.

The Theatre estimated the fair value for contributed office and production equipment and concessions based on stated prices used for the sale of these goods and services in a nondonation transaction and are expensed at the time the items are received. Contributed office and production equipment is recognized as supplied and nondepreciable equipment on the schedule of functional expenses, and contributed concessions are recognized net of related concessions income on the statement of activities.

**Note 10 - Net Assets with Donor Restrictions**

Net assets with donor restrictions at August 31, 2025 and 2024 are as follows:

	2025	2024
Specific purpose - New works	\$ 5,000,000	\$ 5,000,000
Subject to expenditures for operations or passage of time:		
Fund 1	4,602,755	1,951,875
Fund 2	7,818,793	5,054,297
Total net assets with donor restrictions	<u>\$ 17,421,548</u>	<u>\$ 12,006,172</u>

The \$5.0 million Davee Foundation fund is permanently restricted by the donor. The purpose of the grant is to provide support for and endow a fund for new works. Based on the agreement, income from the fund of no more than 4 percent is to be used to support the development and production of new works. The Theatre used \$215,000 based on the grant outline for years ended August 31, 2025 and 2024.

Fund 2 includes certain pledges from the Goodman Centennial Campaign (see Note 4) and earnings on the new works endowment, which are subject to board approval for expenditure. Fund 1 includes all other pledges and grants receivable (see Note 4).

Net assets released from donor restrictions are as follows:

## Notes to Financial Statements

August 31, 2025 and 2024

### Note 10 - Net Assets with Donor Restrictions (Continued)

	2025	2024
Pledges receivable	\$ 4,517,731	\$ 2,105,282
New works	215,000	215,000
Total	<u>\$ 4,732,731</u>	<u>\$ 2,320,282</u>

### Note 11 - Liquidity and Availability of Resources

The following reflects the Theatre's financial assets as of August 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date:

	2025	2024
<b>Financial Assets at Year End</b>		
Cash, cash equivalents, and restricted cash	\$ 3,903,282	\$ 293,172
Grants, pledges, and other receivables	9,680,945	5,775,665
Investments	23,275,045	23,075,763
Total financial assets	36,859,272	29,144,600
Less amounts not available to be used within one year:		
Donor time restricted - Grants, pledges, and other	(5,181,420)	(2,808,208)
Donor purpose restricted	(7,623,202)	(7,135,132)
Board designated - Net of approximate spending policy withdrawal	(15,636,873)	(13,645,284)
Contractually restricted cash balances	<u>(3,209,985)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,207,792</u>	<u>\$ 5,555,976</u>

The Theatre has a goal to maintain financial assets to meet annual general operating expenses, which are, on average, approximately \$2.5 million to \$3.0 million monthly depending on nature of programming activity, which varies each year.

The Theatre's board of trustees identified the investment account to be utilized to cover short-term and capital expenditures in negative cash flow periods. The funds are invested for long-term appreciation. This investment account is utilized to meet working capital needs while continuing to maximize ticket sales, in addition to outreach to donors, foundations, corporations, and boards of directors to meet needs. The reductions amounting to \$15.6 million and \$13.6 million noted as board designated for 2025 and 2024, respectively, are available for use at the discretion of the board.

The Theatre also realizes there could be unanticipated liquidity needs.

### Note 12 - Donor-restricted and Board-designated Endowments

The Theatre's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

August 31, 2025 and 2024

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)*****Interpretation of Relevant Law***

The Theatre is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Theatre had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Theatre considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Theatre has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Theatre considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Theatre and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Theatre
- The investment policies of the Theatre

Endowment net asset composition by type of fund and the changes in endowment net assets for the years ended August 31, 2025 and 2024 were as follows:

Endowment Net Asset Composition by Type of Fund as of August 31, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 16,936,873	\$ -	\$ 16,936,873
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	5,000,000	5,000,000
Accumulated investment gains	-	2,623,202	2,623,202
Total donor-restricted endowment funds	-	7,623,202	7,623,202
Total	\$ 16,936,873	\$ 7,623,202	\$ 24,560,075

## Notes to Financial Statements

August 31, 2025 and 2024

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)**

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 14,289,034	\$ 7,135,132	\$ 21,424,166
Investment return:			
Investment income - Net	429,735	158,383	588,118
Net depreciation (realized and unrealized)	1,223,478	561,795	1,785,273
Total investment return	1,653,213	720,178	2,373,391
Contributions	5,059,669	-	5,059,669
Appropriation of endowment assets for expenditure:			
Allocation to annual fund	(1,050,000)	(215,000)	(1,265,000)
Spending on endowments	(3,015,043)	(17,108)	(3,032,151)
Endowment net assets - End of year	<u>\$ 16,936,873</u>	<u>\$ 7,623,202</u>	<u>\$ 24,560,075</u>

	Endowment Net Asset Composition by Type of Fund as of August 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 14,289,034	\$ -	\$ 14,289,034
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	5,000,000	5,000,000
Accumulated investment gains	-	2,135,132	2,135,132
Total donor-restricted endowment funds	-	7,135,132	7,135,132
Total	<u>\$ 14,289,034</u>	<u>\$ 7,135,132</u>	<u>\$ 21,424,166</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 16,344,127	\$ 5,796,850	\$ 22,140,977
Investment return:			
Investment income - Net	545,300	137,330	682,630
Net depreciation (realized and unrealized)	725,572	373,892	1,099,464
Total investment return	1,270,872	511,222	1,782,094
Contributions	235,982	1,055,298	1,291,280
Appropriation of endowment assets for expenditure:			
Allocation to annual fund	(1,295,000)	(215,000)	(1,510,000)
Spending on endowments	(2,266,947)	(13,238)	(2,280,185)
Endowment net assets - End of year	<u>\$ 14,289,034</u>	<u>\$ 7,135,132</u>	<u>\$ 21,424,166</u>

**Underwater Endowment Funds**

As of August 31, 2025 and 2024, there were no funds with deficiencies.

August 31, 2025 and 2024

**Note 12 - Donor-restricted and Board-designated Endowments (Continued)**

***Return Objectives and Risk Parameters***

The investment committee of the board of trustees establishes policies and procedures concerning the management of the endowment funds that are approved by the board of trustees. These policies establish asset classes that are deemed suitable for investment of endowment funds, which currently include investment in domestic and international equities, fixed income, real estate funds, and alternative strategies. Endowment funds are managed on a total return basis, taking into consideration the need to maintain the purchasing power of the funds and the need to support the Theatre's mission. Risk and return expectations for the endowment funds are modeled using historical rates of return and volatility measures for various asset allocation scenarios. Investments are made in various asset classes based on policy requirements for a highly diversified portfolio in accordance with asset allocation guidelines.

***Strategies Employed for Achieving Objectives***

Actual allocations to an asset's class are compared to target allocations and rebalances as appropriate. The performance of endowment funds' investments is reported on a monthly basis and the annual real return objective is to earn, over time, a real, inflation-adjusted, annual rate of return that exceeds the Theatre's spending rate. The earnings or losses from the board-designated endowment assets are based on the board's designation. For the years ended August 31, 2025 and 2024, unrealized gains and losses from the board-designated funds are classified as net assets without donor restrictions. For the years ended August 31, 2025 and 2024, the unappropriated unrealized gains and losses from the donor-restricted endowment funds are classified as net assets with donor restrictions.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Theatre's board has approved a spending policy that allows 4 percent to 6 percent of earnings on a three-year rolling average of the invested assets to support operations for both 2025 and 2024. The target spending for qualified distributions from the endowment in any calendar year should be up to 6 percent of the assets annually based on a rolling 12-quarter (three-year) average market value upon board approval. In 2024, the board approved a one-time increase on the target spending for qualified distributions from the endowment in any calendar year to 7 percent of the assets annually. Actual spending rates were 4.5 percent and 6.2 percent for 2025 and 2024, respectively. Consistent with the donor-restricted endowment agreement, the Theatre has a policy of appropriating for distribution each year up to 4 percent of the assets annually based on a rolling 12-quarter (three-year) average market value upon board approval. These policies allow for the preservation of principal, competitive investment returns, and moderate investment risk.

**Note 13 - Retirement Plans**

The Theatre is a participant in union-sponsored, multiemployer defined benefit pension plans covering certain actors and stage managers, designers, musicians, and directors. Each plan requires contributions calculated as a percentage of gross wages of covered employees, at a weighted average of 10.54 percent of payroll for each year. Contributions to these plans totaled \$201,364 and \$293,164 for the years ended August 31, 2025 and 2024, respectively. The Theatre's contributions and pension benefits payable under the plans and the administration of the plans are determined by the terms of the related collective-bargaining agreements.



## Notes to Financial Statements

August 31, 2025 and 2024

**Note 13 - Retirement Plans (Continued)**

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan may be used to provide benefits to all participating employees, including those employed by other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

As illustrated in the table below, the Theatre participated in the following multiemployer plans for the years ended August 31, 2025 and 2024. The EIN column provides the employee identification number (EIN), and the pension plan number column provides the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is for the plan's year end. Based on an actuary's certified information, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The FIP/RP status pending/implemented column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The sixth column lists the expiration date of the collective bargaining agreement.

Pension Fund	EIN/Pension Plan Number	FIP/RP Status Pending/Implemented	Pension Protection Act Certified Zone Status		Expiration Date of Collective Bargaining Agreement	Contributions Made by the Theatre	
			2024	2023		2025	2024
Equity League	13-6696817	No	Green	Green	2/12/2027	\$ 108,122	\$ 137,137
American Federation of Musicians	51-6120204	Yes	Red	Red	8/31/2025	27,052	68,360
SAG/AFTRA	95-3967876	No	Green	Green	3/31/2028	-	-
United Scenic Artists	13-7982707	No	Green	Green	6/30/2028	51,433	65,232
IATSE Pink Contract	13-1849172	Yes	Green	Green	6/27/2027	-	-
SDC-League	13-6634482	No	Red	Red	4/14/2025	14,757	22,435
Total contributions made						<u>\$ 201,364</u>	<u>\$ 293,164</u>

Collective bargaining agreement with the American Federation of Musicians expired on August 31, 2025 and is not currently undergoing renegotiations, as the Theatre only negotiates a contract with this pension fund upon requirement of certain performers.

**Defined Contribution 401(k) Plan**

During 1998, the board of trustees approved the creation of the Theatre's 401(k) plan (the "Plan"), a defined contribution plan. Employees voluntarily make contributions to the Plan in amounts based upon limits established by Sections 402(g) and 414(v) of the Internal Revenue Code. The Plan's assets are invested in certain self-directed income, money market, and equity funds.

There were no contributions approved to the 401(k) plan for the years ended August 31, 2025 and 2024.