

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for the Year Ended June 30, 2020)

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Consolidated Statement of Financial Position.....	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 28
Schedule of Without Donor Restricted Activities Reconciled to Operating Budget.....	29

Independent Auditor's Report

Board of Directors
Milwaukee Repertory Theater, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Milwaukee Repertory Theater, Inc. and Affiliate which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Repertory Theater, Inc. and Affiliate as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP
Serving business, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550
Milwaukee, WI 53202

t. 414.271.1451
f. 414.271.7464
ritzholman.com

Board of Directors
Milwaukee Repertory Theater, Inc. and Affiliate

Report on Summarized Comparative Information

We have previously audited Milwaukee Repertory Theater, Inc. and Affiliate's June 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of without donor restricted activities reconciled to operating budget is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
November 3, 2021

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With Summarized Totals for June 30, 2020)

ASSETS				
	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
CURRENT ASSETS				
Cash and Cash Equivalents (NOTES A-4 and E)	\$ 8,436,577	\$ 230,158	\$ 8,666,735	\$ 6,591,342
Investments (NOTES A-7 and F-H)	7,704,612	6,463,490	14,168,102	11,110,122
Interest Receivable	376	---	376	13,779
Pledges Receivable (NOTES A-5 and I)	100,519	749,805	850,324	1,642,884
Other Receivables (NOTE J)	640,429	---	640,429	47,682
Inventory (NOTES A-8 and K)	75,144	---	75,144	81,830
Prepaid Expenses	346,140	---	346,140	280,005
Total Current Assets	\$ 17,303,797	\$ 7,443,453	\$ 24,747,250	\$ 19,767,644
INVESTMENTS (NOTES A-7 and F-H)	\$ ---	\$ 10,594,450	\$ 10,594,450	\$ 10,687,113
PLEDGES RECEIVABLE (NOTES A-5 and I)	\$ 100,519	\$ 948,379	\$ 1,048,898	\$ 1,920,671
Less: Current Portion of Pledges Receivable	(100,519)	(749,805)	(850,324)	(1,642,884)
Long-Term Pledges Receivable	\$ ---	\$ 198,574	\$ 198,574	\$ 277,787
FIXED ASSETS (NOTES A-6 and L)				
Total Fixed Assets	\$ 24,663,663	\$ ---	\$ 24,663,663	\$ 24,362,902
Less: Accumulated Depreciation	(17,131,061)	---	(17,131,061)	(16,251,503)
Net Fixed Assets	\$ 7,532,602	\$ ---	\$ 7,532,602	\$ 8,111,399
Due To/From Funds	\$ (4,633,340)	\$ 4,633,340	\$ ---	\$ ---
TOTAL ASSETS	\$ 20,203,059	\$ 22,869,817	\$ 43,072,876	\$ 38,843,943
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 429,514	\$ ---	\$ 429,514	\$ 331,825
Payroll Liabilities	305,707	---	305,707	220,316
Deferred Revenue (NOTE M)	3,600,038	---	3,600,038	3,145,362
Current PPP Loan (NOTE N)	236,576	---	236,576	482,081
Total Current Liabilities	\$ 4,571,835	\$ ---	\$ 4,571,835	\$ 4,179,584
NONCURRENT LIABILITIES				
Long-Term PPP Loan (NOTE N)	\$ 1,096,124	\$ ---	\$ 1,096,124	\$ 964,119
Total Noncurrent Liabilities	\$ 1,096,124	\$ ---	\$ 1,096,124	\$ 964,119
Total Liabilities	\$ 5,667,959	\$ ---	\$ 5,667,959	\$ 5,143,703
NET ASSETS (NOTE A-10)				
Without Donor Restrictions				
Operating	\$ 7,566,349	\$ ---	\$ 7,566,349	\$ 8,142,853
Board Designated (NOTE A-9)	6,968,751	---	6,968,751	5,465,271
Total Net Assets Without Donor Restrictions	\$ 14,535,100	\$ ---	\$ 14,535,100	\$ 13,608,124
With Donor Restrictions				
Total Net Assets	\$ 14,535,100	\$ 22,869,817	\$ 37,404,917	\$ 33,700,240
TOTAL LIABILITIES AND NET ASSETS	\$ 20,203,059	\$ 22,869,817	\$ 43,072,876	\$ 38,843,943

The accompanying notes are an integral part of these financial statements.

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions			With Donor Restrictions					2021 Total	2020 Total
	Operating	Board Designated	Total	Operating	Special Projects	Endowment Income	Permanently Restricted	Total		
INCOME										
Public Support										
State of Wisconsin	\$ 535,500	\$ ---	\$ 535,500	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 535,500	\$ 17,500
Milwaukee County	69,804	---	69,804	---	---	---	---	---	69,804	51,450
NEA Grant	30,000	---	30,000	---	---	---	---	---	30,000	25,000
Federal COVID Grants	2,013,756	---	2,013,756	---	---	---	---	---	2,013,756	---
City of Milwaukee	6,200	---	6,200	4,224	---	---	---	4,224	10,424	14,200
UPAF Grant	1,656,098	---	1,656,098	---	---	---	---	---	1,656,098	1,804,045
Foundations	383,387	---	383,387	305,000	102,570	---	---	407,570	790,957	757,466
Corporate Grants	94,388	---	94,388	216,069	---	---	---	216,069	310,457	512,971
Contributions	1,838,692	307,299	2,145,991	676,610	69,434	---	45,656	791,700	2,937,691	2,683,621
Fundraising Events										
Income	86,936	---	86,936	16,688	---	---	---	16,688	103,624	334,832
Expense	(105,199)	---	(105,199)	---	---	---	---	---	(105,199)	(60,205)
Net Assets Released from Restrictions	1,967,300	(96,280)	1,871,020	(1,351,020)	---	(520,000)	---	(1,871,020)	---	---
Total Public Support	\$ 8,576,862	\$ 211,019	\$ 8,787,881	\$ (132,429)	\$ 172,004	\$ (520,000)	\$ 45,656	\$ (434,769)	\$ 8,353,112	\$ 6,140,880
Earned Income										
Box Office Income	\$ 121,119	\$ ---	\$ 121,119	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 121,119	\$ 5,893,577
Coproduction Income	---	---	---	---	---	---	---	---	---	35,000
Concessions Sales - Net of Cost	(3,515)	---	(3,515)	---	---	---	---	---	(3,515)	422,739
Education Programs	6,396	---	6,396	---	---	---	---	---	6,396	66,100
Ticket Handling	8,107	---	8,107	---	---	---	---	---	8,107	125,299
Building Restoration Fee	---	9,899	9,899	---	---	---	---	---	9,899	309,898
Other Earned Income	23,079	---	23,079	---	---	---	---	---	23,079	106,069
Investment Income (NOTE F)	429	280,163	280,592	---	---	3,212,470	---	3,212,470	3,493,062	333,725
Total Earned Income	\$ 155,615	\$ 290,062	\$ 445,677	\$ ---	\$ ---	\$ 3,212,470	\$ ---	\$ 3,212,470	\$ 3,658,147	\$ 7,292,407
Total Income	\$ 8,732,477	\$ 501,081	\$ 9,233,558	\$ (132,429)	\$ 172,004	\$ 2,692,470	\$ 45,656	\$ 2,777,701	\$ 12,011,259	\$ 13,433,287
EXPENSES										
Program Services										
Artistic	\$ 1,085,929	\$ ---	\$ 1,085,929	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,085,929	\$ 3,038,327
Education Programs	441,822	---	441,822	---	---	---	---	---	441,822	702,959
Production	1,413,904	---	1,413,904	---	---	---	---	---	1,413,904	3,418,541
Marketing	1,350,143	7,251	1,357,394	---	---	---	---	---	1,357,394	2,353,024
Concessions	184,760	---	184,760	---	---	---	---	---	184,760	639,482
Facilities	726,728	---	726,728	---	---	---	---	---	726,728	732,682
Administrative and General	1,320,433	26,350	1,346,783	---	---	---	---	---	1,346,783	1,155,717
Development	869,705	---	869,705	---	---	---	---	---	869,705	793,037
Total Expenses Without Depreciation	\$ 7,393,424	\$ 33,601	\$ 7,427,025	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,427,025	\$ 12,833,769
CHANGE IN NET ASSETS BEFORE DEPRECIATION	\$ 1,339,053	\$ 467,480	\$ 1,806,533	\$ (132,429)	\$ 172,004	\$ 2,692,470	\$ 45,656	\$ 2,777,701	\$ 4,584,234	\$ 599,518
Depreciation	879,557	---	879,557	---	---	---	---	---	879,557	813,814
CHANGE IN NET ASSETS AFTER DEPRECIATION	\$ 459,496	\$ 467,480	\$ 926,976	\$ (132,429)	\$ 172,004	\$ 2,692,470	\$ 45,656	\$ 2,777,701	\$ 3,704,677	\$ (214,296)
Net Assets, Beginning of Year	8,142,853	5,465,271	13,608,124	2,332,445	2,433,261	3,538,495	11,787,915	20,092,116	33,700,240	33,914,536
Transfers	(1,036,000)	1,036,000	---	---	---	---	---	---	---	---
NET ASSETS, END OF YEAR	\$ 7,566,349	\$ 6,968,751	\$ 14,535,100	\$ 2,200,016	\$ 2,605,265	\$ 6,230,965	\$ 11,833,571	\$ 22,869,817	\$ 37,404,917	\$ 33,700,240

The accompanying notes are an integral part of these financial statements.

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for the Year Ended June 30, 2020)

	Artistic	Education	Production	Marketing	Concessions	Facilities	Administrative and General	Development	2021 Total	2020 Total
EXPENSES										
PERSONNEL										
Salaries and Fees	\$ 784,016	\$ 276,750	\$ 940,362	\$ 598,124	\$ 138,509	\$ 203,315	\$ 653,036	\$ 540,550	\$ 4,134,662	\$ 6,590,720
Payroll Taxes	40,051	21,970	81,183	57,457	11,453	17,600	50,550	38,032	318,296	597,158
Pension and Welfare	124,830	50,771	199,800	76,287	19,079	34,930	118,851	86,597	711,145	1,140,386
Travel, Housing and Per Diem	26,345	13,595	150	3,991	---	---	2,670	---	46,751	409,207
Other Personnel	4,164	35,984	1,930	3,839	30	799	58,926	813	106,485	110,736
Total Personnel	\$ 979,406	\$ 399,070	\$ 1,223,425	\$ 739,698	\$ 169,071	\$ 256,644	\$ 884,033	\$ 665,992	\$ 5,317,339	\$ 8,848,207
OTHER EXPENSES										
Travel and Conferences	\$ 2,102	\$ 2,223	\$ 2,212	\$ 20	\$ ---	\$ 180	\$ 258	\$ 406	\$ 7,401	\$ 95,868
Equipment	1,000	1,426	32,855	29,638	5,523	128,063	18,898	1,737	219,140	244,993
IT Equipment and Service	577	---	10,951	106,801	---	---	97,765	---	216,094	207,142
Hospitality and Programs	3,065	1,006	580	219	---	---	5,081	58,483	68,434	124,472
Insurance	---	596	---	---	---	---	78,592	---	79,188	51,455
Materials and Supplies	10,309	5,301	38,567	8,778	4,094	23,674	1,698	---	92,421	418,937
Office and Miscellaneous	14,484	11,279	4,665	1,650	245	61,542	72,025	17,800	183,690	60,220
Postage and Mailing Services	219	110	1,452	66,017	67	---	614	15,323	83,802	187,183
Printing and Signage	---	---	1,409	143,311	---	---	---	26,022	170,742	337,831
Professional Services	4,700	20,366	215	178,536	---	86,151	158,304	72,221	520,493	488,812
Telephone, Fax and Internet	3,047	---	---	5,434	---	1,367	21,548	---	31,396	35,986
Advertising (NOTE A-13)	---	---	---	30,505	---	---	---	---	30,505	358,995
Bank and Credit Card Fees	---	---	---	43,431	5,760	---	7,967	11,721	68,879	236,288
Telemarketing Commissions	---	---	---	3,356	---	---	---	---	3,356	146,450
Coproduction Expense	---	---	971	---	---	---	---	---	971	74,581
Royalties	66,852	445	---	---	---	---	---	---	67,297	382,047
Repairs and Maintenance	---	---	---	---	---	49,863	---	---	49,863	105,565
Rent	168	---	96,602	---	---	---	---	---	96,770	262,047
Utilities	---	---	---	---	---	119,244	---	---	119,244	166,690
Depreciation	---	---	---	---	---	879,557	---	---	879,557	813,814
Total Other Expenses	\$ 106,523	\$ 42,752	\$ 190,479	\$ 617,696	\$ 15,689	\$ 1,349,641	\$ 462,750	\$ 203,713	\$ 2,989,243	\$ 4,799,376
Subtotal	\$ 1,085,929	\$ 441,822	\$ 1,413,904	\$ 1,357,394	\$ 184,760	\$ 1,606,285	\$ 1,346,783	\$ 869,705	\$ 8,306,582	\$ 13,647,583
Special Event Expenses										
Rent and Facility	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 28,064	\$ 28,064	\$ 4,234
Food and Beverages	---	---	---	---	---	---	---	14,193	14,193	1,110
Entertainment	---	---	---	---	---	---	---	57,303	57,303	14,878
Supplies	---	---	---	---	---	---	---	99	99	4,838
Travel	---	---	---	---	---	---	---	---	---	31,968
Total Special Events	---	---	---	---	---	---	---	5,540	5,540	3,177
Total Expenses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 105,199	\$ 105,199	\$ 60,205
Total	\$ 1,085,929	\$ 441,822	\$ 1,413,904	\$ 1,357,394	\$ 184,760	\$ 1,606,285	\$ 1,346,783	\$ 974,904	\$ 8,411,781	\$ 13,707,788

The accompanying notes are an integral part of these financial statements.

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,704,677	\$ (214,296)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	879,557	813,814
Paycheck Protection Program Loan Forgiveness (NOTE O)	(1,446,200)	---
Realized/Unrealized (Gain) Loss on Investments (NOTE F)	(3,089,926)	167,220
(Increase) Decrease in Interest Receivable	13,403	11,176
(Increase) Decrease in Pledges Receivable	871,773	780,696
(Increase) Decrease in Other Receivables	(592,747)	189,819
(Increase) Decrease in Inventory	6,686	(20,633)
(Increase) Decrease in Prepaid Expenses	(66,135)	201,668
Increase (Decrease) in Accounts Payable	97,689	(236,955)
Increase (Decrease) in Payroll Liabilities	85,391	31,602
Increase (Decrease) in Deferred Revenue	454,676	(933,655)
	<u>\$ 918,844</u>	<u>\$ 790,456</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (300,760)	\$ (765,631)
Proceeds from Sale of Investments	15,983,890	9,763,069
Purchase of Investments	<u>(15,859,281)</u>	<u>(9,649,431)</u>
	<u>\$ (176,151)</u>	<u>\$ (651,993)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>\$ 1,332,700</u>	<u>\$ 1,446,200</u>
	<u>\$ 1,332,700</u>	<u>\$ 1,446,200</u>
Net Increase in Cash and Cash Equivalents	\$ 2,075,393	\$ 1,584,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,591,342</u>	<u>5,006,679</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,666,735</u>	<u>\$ 6,591,342</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Forgiveness of Paycheck Protection Program Loan	\$ 1,446,200	\$ ---

The accompanying notes are an integral part of these financial statements.

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE A - Summary of Significant Accounting Policies

A-1 Organization

The Milwaukee Repertory Theater, Inc. ("The Rep") is an organization which presents theatrical performances to the public. The mission is to ignite positive change in the cultural, social, and economic vitality of its community by creating world-class theater experiences that entertain, provoke, and inspire meaningful dialogue among an audience representative of Milwaukee's rich diversity.

A-2 Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Milwaukee Repertory Theater, Inc. and Friends of Milwaukee Repertory Theater, Inc. LLC. Friends of Milwaukee Repertory Theater, Inc. LLC donates thousands of hours of volunteer time and effort to assure that "The Rep" has the resources to maintain its artistic standards and meet its financial objectives.

A-3 Accounting Method

The accompanying consolidated financial statements of the Milwaukee Repertory Theater, Inc. have been prepared on the accrual basis of accounting.

A-4 Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

A-5 Pledges Receivable

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

A-6 Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Fixed asset additions in excess of \$2,500 are capitalized.

A-7 Investments

Investments consist of marketable debt and equity securities, real estate partnership, and certificates of deposit which are carried at fair market value.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE A - Summary of Significant Accounting Policies (continued)

A-8 Inventory

Inventory is valued at cost.

A-9 Board Designated Net Assets

The Board of Directors has designated certain resources as available for use for purposes at the discretion of the Board of the Theater. The Board Designated Net Assets consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Cash Reserve Fund	\$5,803,337	\$4,277,607
Building Reserve Fund	<u>1,165,411</u>	<u>1,187,664</u>
Total Board Designated Net Assets	<u>\$6,968,748</u>	<u>\$5,465,271</u>

A-10 Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets with donor restrictions consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Operating	\$ 1,994,541	\$ 2,126,967
Rose Pickering Fund	9,083	9,083
Larry Shue Fund	196,395	196,395
Special Projects	2,605,270	2,433,261
Endowment	11,833,571	11,787,915
Endowment Income	<u>6,230,958</u>	<u>3,538,495</u>
Total Net Assets With Donor Restrictions	<u>\$22,869,818</u>	<u>\$20,092,116</u>

A-11 Contributions

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE A - Summary of Significant Accounting Policies (continued)

A-11 Contributions (continued)

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

A-12 Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

A-13 Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

A-14 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

A-15 Functional Expenses

Management's estimate of the expense allocation to program, management and fundraising on the statement of activities is based on management's estimate of costs attributable to the relative nature of the expenses. We evaluated the key factors and assumptions used to develop the allocation to programs, management, and fundraising in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE B - Comparative Financial Information

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE C - Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE D - Liquidity

The Organization has financial assets available to meet cash needs for general expenditure consisting of the following:

Cash and Cash Equivalents	\$ 8,436,577
Investments	7,704,612
Interest Receivable	376
Pledges Receivable	100,519
Other Receivables	<u>640,429</u>
 Total Financial Assets	 <u>\$16,882,513</u>

The Organization also has financial assets not included in the table above with donor restrictions that make them unavailable for general expenditures. Those financial assets consist of the following:

Cash and Cash Equivalents	\$ 230,158
Investments	6,463,490
Pledges Receivable	<u>749,805</u>
 Total Financial Assets	 <u>\$7,443,453</u>

NOTE E - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the total uninsured balance was \$1,902,461.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE F - Investments

Investments as of June 30, 2021, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$17,848,034
Equities	2,479,322
Real Estate Fund	1,153,956
Senior Secured Loan Fund	1,174,747
Fixed Income Securities	1,439,480
Greater Milwaukee Foundation (GMF) Agency Fund	120,143
Certificates of Deposit less than one year:	
Actors Federal Credit Union	246,697
BMO Bank	200,000
Charles Schwab, various banks	<u>100,172</u>
Total	<u>\$24,762,552</u>
Investments - Current	\$14,168,102
Investments - Long-Term	<u>10,594,450</u>
Total Investments	<u>\$24,762,552</u>

Investments as of June 30, 2020, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$13,129,883
Equities	2,465,540
Real Estate Fund	1,418,858
Senior Secured Loan Fund	997,345
Fixed Income Securities	2,072,178
Greater Milwaukee Foundation (GMF) Agency Fund	96,274
Certificates of Deposit less than one year:	
Actors Federal Credit Union	245,335
BMO Bank	200,000
Charles Schwab, various banks	<u>1,171,822</u>
Total	<u>\$21,797,235</u>
Investments - Current	\$11,110,122
Investments - Long-Term	<u>10,687,113</u>
Total Investments	<u>\$21,797,235</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE F - Investments (continued)

Investments are stated at fair market value. Aggregate cost, aggregate fair market value, and gross unrealized gain (loss) as of June 30, 2021 and 2020, are summarized as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Market Value</u>	<u>Gross Unrealized Gain</u>
2021	\$21,917,038	\$24,762,552	\$2,845,514
2020	\$21,081,165	\$21,797,235	\$ 716,070

Investment (loss) income for the year ended June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 254,194	\$ 359,065
Capital Gains Distributions	148,942	146,124
Realized Gain	1,008,620	182,810
Unrealized (Loss) Gain	<u>2,081,306</u>	<u>(354,274)</u>
Total	\$3,493,062	\$ 333,725
Less: Non-Operating Investment Income	<u>3,492,633</u>	<u>245,039</u>
Operating Investment Income	<u>\$ 430</u>	<u>\$ 88,686</u>

Investment income from the Cash Reserve is board designated for special projects. Investment income from the Building Replacement and Theater Funds is restricted to capital purchases and building maintenance. Investment income from the Larry Shue Fund is restricted to supporting intern programs. Investment income from the Endowment funds is released to operations based on the Board's disbursement policy.

NOTE G - Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE G - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,479,322	\$ 2,479,322	\$ ---	\$ ---
Mutual Funds	17,848,034	17,848,034	---	---
US Treasury Notes	---	---	---	---
Fixed Income Securities	1,439,480	1,439,480	---	---
CDs	546,869	---	546,869	---
Real Estate Fund	1,153,956	---	---	1,153,956
GMF Agency Fund	120,143	---	---	120,143
Senior Secured Loan	<u>1,174,747</u>	<u>---</u>	<u>---</u>	<u>1,174,747</u>
Total	<u>\$24,762,552</u>	<u>\$21,766,836</u>	<u>\$546,869</u>	<u>\$2,448,846</u>

The Organization's real estate fund is managed by American Core Realty Fund, LP. The fair values of the real estate fund is measured based on the statement provided by the American Core Realty Fund, LP. The table below presents information about recurring fair value measurement for the real estate fund (Level 3 measurements):

	<u>2021</u>	<u>2020</u>
Beginning Net Asset Value as of July 1	\$1,418,858	\$1,389,767
Purchases (Sales)	(332,554)	---
Income - Reinvested	35,285	54,881
Unrealized Gain (Loss)	<u>32,368</u>	<u>(25,790)</u>
Ending Net Asset Value as of June 30	<u>\$1,153,956</u>	<u>\$1,418,858</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE G - Fair Value Measurements (continued)

The Organization's senior secured loan fund is managed by State Street Fund Service Toronto, Inc. The fair values of the senior secured loan fund is measured based on the statement provided by the State Street Fund Service Toronto, Inc. The table below presents information about recurring fair value measurement for the senior secured loan fund (Level 3 measurements):

	<u>2021</u>	<u>2020</u>
Beginning Net Asset Value as of July 1	\$ 997,345	\$828,006
Purchases (Sales)	131,398	---
Income - Reinvested	6,438	224,785
Unrealized Gain (Loss)	<u>39,567</u>	<u>(55,444)</u>
Ending Net Asset Value as of June 30	<u>\$1,174,747</u>	<u>\$997,345</u>

The Organization's Greater Milwaukee Foundation Agency fund is managed by the Greater Milwaukee Foundation (GMF). The fair values of the GMF Agency fund is measured based on the statement provided by the Greater Milwaukee Foundation. The table below presents information about recurring fair value measurement for the GMF fund (Level 3 measurements):

	<u>2021</u>	<u>2020</u>
Beginning Net Asset Value as of July 1	\$ 96,274	\$96,261
Purchase	---	---
Investment Income Net of Fees	27,298	1,724
Grants Received	<u>(3,429)</u>	<u>(1,711)</u>
Ending Net Asset Value as of June 30	<u>\$120,143</u>	<u>\$96,274</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE G - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

<u>Investment Category</u>	<u>Fair Value</u>	In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,465,540	\$ 2,465,540	\$ ---	\$ ---
Mutual Funds	13,129,883	13,129,883	---	---
US Treasury Notes	---	---	---	---
Fixed Income Securities	2,072,178	2,072,178	---	---
CDs	1,617,157	---	1,617,157	---
Real Estate Fund	1,418,858	---	---	1,418,858
GMF Agency Fund	96,274	---	---	96,274
Senior Secured Loan	<u>997,345</u>	<u>---</u>	<u>---</u>	<u>997,345</u>
Total	<u>\$21,797,235</u>	<u>\$17,667,601</u>	<u>\$1,617,157</u>	<u>\$2,512,477</u>

NOTE H - Investments - Donor-Designated Endowment

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Endowment Committee appropriates such amounts for expenditure.

Endowment Investment and Spending Policies

The Organization has adopted the following investment, acceptable investment, and risk and spending policies. These policies were updated during May 2020. Below is a summary of these policies:

Summarized Investment Policy

The Investment Advisors will make recommendations to the Investment Committee on investment matters, including selection of investment alternatives and investment managers. The Investment Committee will establish the allocation of assets of the funds according to the detailed parameters and considerations described in the current investment policy adopted by the Board of Directors. The Investment Committee will review the allocations at least quarterly. The portfolio will be rebalanced as market movements or cash payments in to or out of the funds transpire, taking into consideration liquidity limitations.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE H - Investments - Donor-Designated Endowment (continued)

Summarized Investment Policy (continued)

The Investment Committee and the Investment Advisors should not engage in short-term market timing.

A. Cash Reserve Fund

Since the Cash Reserve Fund is available for operating shortfalls, the Cash Reserve Fund will be managed separately and an amount equal to the next two years potential shortfalls kept liquid in a combination of money market and short to intermediate fixed income investments.

B. Building Reserve Fund and Theater Fund

These funds are intended to serve as the funding vehicle for building and theater maintenance and capital improvements. An amount equal to the next two years estimated net expenditures will be kept liquid in a combination of money market and short to intermediate fixed income investments. The remaining funds will be invested in a balanced portfolio of fixed income and equity funds designed to maximize income consistent with preserving capital.

C. Enhancement Fund

The overall investment objective is to maximize total return on assets at a risk level consistent with prudent management, taking into consideration safety and preservation of real principal, potential for market appreciation and income.

Disbursement Policy

The Rep will attempt to notify the Investment Advisor(s) or managers 30 days prior to any disbursement being required.

A. Cash Reserve Fund

The Cash Reserve Fund will be available as needed for Rep operations at the discretion of the Finance Committee.

B. Building Reserve Fund and Theater Fund

The Building Reserve Fund and Theater Fund will be disbursed as follows:

1. Disbursements are to be made for the periodic upkeep and renewal of the physical structure. The expected types of disbursement would include, but are not limited to: painting, sound insulation, replacement of roof, carpeting, furniture, fixtures, equipment, floors and windows; and maintenance of floors, windows, historic restoration, and exterior walls.
2. Disbursements from the Theater Fund will be made against a five-year rolling schedule (see I.B).
3. There is no intention or requirement to maintain the principal contributions in whole. Both principal and earnings will be available for distribution.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE H - Investments - Donor-Designated Endowment (continued)

C. Enhancement Fund

The Enhancement Fund will be disbursed as follows:

1. Annual disbursement will be an amount representing between 3% and 5% of the adjusted rolling 5 year average fund balance as of June 30th, with a targeted annual disbursement of 4%. However, in no case may any amounts be disbursed from the contributed principal of the Enhancement Fund. The adjusted rolling average is intended to give immediate effect to principal payments, while averaging out income variations. It is defined as the cumulative principal payments plus the 5-year rolling average of cumulative unexpended income (investment income - disbursements).
2. Management shall present to the Finance Committee of the Rep the specific amount requested for a year. The Finance Committee will then review and present the request to the Board for approval.
3. Actual disbursements against the approved amount will be made at least quarterly.
4. There will be no advances, in a current year, of funds not available until a future year.
5. Management may request, with the approval of the Board, that amounts available for disbursement in one year be carried forward to future years to fund a specific project or program.

The Organization's endowment by net asset class at the end of the period, in total and by type of endowment fund, shows donor-restricted endowment funds separately from board-designated endowment funds.

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	\$18,064,535
Total Endowment Funds	\$18,064,535

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	\$15,246,661
Total Endowment Funds	\$15,246,661

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE H - Investments - Donor-Designated Endowment (continued)

Changes in endowment net assets as of June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Net Assets, Beginning of Year	\$15,246,661	\$16,046,281
Contributions	45,656	17,183
Investment Income	3,292,218	787,781
Amounts Appropriated for Expenditure	<u>(520,000)</u>	<u>(852,984)</u>
 Endowment Net Assets, End of Year	 <u>\$18,064,535</u>	 <u>\$15,246,661</u>

NOTE I - Pledges Receivable

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2021, as follows:

Pledges Receivable	\$1,092,324
Less: PV discount on Pledges Receivable	(38,265)
Less: Allowance for Doubtful Accounts	<u>(5,161)</u>
 Net Pledges Receivable	 <u>\$1,048,898</u>
 Pledges Receivable - Current	 \$ 850,324
Pledges Receivable - Long-Term	<u>242,000</u>
 Net Pledges Receivable	 <u>\$1,092,324</u>

Future expected receipts are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 850,324
2023	91,000
2024	81,000
2025	<u>70,000</u>
 Total Future Expected Receipts	 <u>\$1,092,324</u>

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2020, as follows:

Pledges Receivable	\$1,956,144
Less: PV discount on Pledges Receivable	(30,913)
Less: Allowance for Doubtful Accounts	<u>(4,560)</u>
 Net Pledges Receivable	 <u>\$1,920,671</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE I - Pledges Receivable (continued)

Present Value Discount was calculated at the rate of 2.75% on June 30, 2021.

NOTE J - Other Receivables

Other receivables as of June 30, 2021 and 2020, consists of the following:

<u>Source</u>	<u>2021</u>	<u>2020</u>
Employee Retention Credit	\$567,556	\$ ---
Group Sales	29,661	28,203
Insurance Refund	35,231	---
Internal Revenue Service	7,009	12,677
Miscellaneous	<u>972</u>	<u>6,802</u>
Total	<u>\$640,429</u>	<u>\$47,682</u>

NOTE K - Inventory

Inventory as of June 30, 2021 and 2020, consists of the following:

<u>Inventory Item</u>	<u>2021</u>	<u>2020</u>
Food and Beverage	\$29,508	\$36,494
Merchandise	26,904	27,807
Supplies	<u>18,732</u>	<u>17,529</u>
Total	<u>\$75,144</u>	<u>\$81,830</u>

NOTE L - Fixed Assets

Fixed assets as of June 30, 2021 and 2020, consists of the following:

<u>At Cost:</u>	<u>2021</u>	<u>2020</u>
Building and Improvements	\$ 18,221,451	\$ 17,895,525
River Walk	413,349	413,349
Theater Fixtures	1,022,850	893,265
Scenic Elements	713,638	701,478
Computer Equipment	1,583,594	1,520,279
Furniture and Equipment	2,628,493	2,858,720
Vehicles	45,588	45,588
Other Fixed Assets	<u>34,700</u>	<u>34,700</u>
Total Fixed Assets	\$ 24,663,663	\$ 24,362,902
Less: Accumulated Depreciation	<u>(17,131,061)</u>	<u>(16,251,503)</u>
Net Fixed Assets	<u>\$ 7,532,602</u>	<u>\$ 8,111,399</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE M - Deferred Revenue

Deferred revenue as of June 30, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
(1) Ticket Sales	\$3,295,291	\$2,786,705
(2) Gift Certificates	159,382	152,130
(3) Flex Passes	---	80,155
(4) Other Funds	<u>145,365</u>	<u>126,372</u>
Totals	<u>\$3,600,038</u>	<u>\$3,145,362</u>

Ticket Sales

The Milwaukee Repertory Theater, Inc. defers recognition of advance season ticket sales until the conclusion of each performance during the subsequent season, at which time the sales are credited to revenue.

Other Funds

These amounts represent funds received in the current year that are to be recognized in the subsequent period.

NOTE N - Paycheck Protection Program Loan

The Organization has entered into the Paycheck Protection Program and received a loan of \$1,332,700 on March 31, 2021. The Organization is required to pay principal and interest payments of \$24,680 each month, beginning seven months from March 31, 2021. As of June 30, 2021, the interest rate was 1%. The Organization may be eligible for full or partial loan forgiveness based on if the proceeds are spent on eligible expenditures in the loan coverage period and if the Organization meets other loan requirements such as maintaining employment levels as compared to a reference period previous to the loan period.

The future minimum loan principal payments are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal Payment</u>
2022	\$ 236,576
2023	286,505
2024	289,383
2025	292,290
2026	<u>227,946</u>
Total	<u>\$1,332,700</u>

NOTE O - Paycheck Protection Program Forgiveness

The Organization entered into the Paycheck Protection Program and received a \$1,446,200 loan in April 2020. The Organization expended loan proceeds and maintained employment in accordance with the program and received full forgiveness of the loan on March 4, 2021. Accordingly, revenue of \$1,446,200 is reported in the year ended June 30, 2021.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE P - Revenue From Contracts with Customers

Box Office Income

The Organization sells tickets to various shows throughout the year. Tickets can be purchased in person at the box office or over the phone. Revenue is recognized at the point in time the Organization's performance obligation to perform the show is complete. Total box office income for the years ended June 30, 2021 and 2020, was \$121,119 and \$5,893,577, respectively. Deferred revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing tickets to future shows. These revenues are recognized at a point of time in the future when the show is held.

For the Year Ended June 30, 2021

Beginning Deferred Revenue	\$3,145,362
Revenue Recognized from Prior Year Deferred	---
New Deferred Tickets Sold	575,795
Revenue Recognized on Box Office Income	<u>(121,119)</u>
Ending Deferred	<u>\$3,600,038</u>

For the Year Ended June 30, 2020

Beginning Deferred Revenue	\$ 4,079,017
Revenue Recognized from Prior Year Deferred	(4,079,017)
New Deferred Tickets Sold	4,959,922
Revenue Recognized on Box Office Income	<u>(1,814,560)</u>
Ending Deferred	<u>\$ 3,145,362</u>

Fundraising and Raffle Income

The Organization holds a raffle each year and one large fundraising gala. Revenue for raffle tickets is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the tickets to an individual. Raffle tickets are sold in advance of the drawing and deferred as contract liabilities until earned when the drawing is held. Revenue is recognized at the point in time when the raffle is held. Registration fees for the gala are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is complete. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At June 30, 2021 and 2020, there were no assets or obligations related to revenue from contracts with customers for fundraising or raffle income. For the years ended June 30, 2021 and 2020, fundraising and raffle income was \$103,624 and \$334,832, respectively.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE P - Revenue From Contracts with Customers (continued)

Food and Beverage Income

The Organization sells food and beverages during the performances. Food and beverage sales revenue is billed at the point of sale. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services are performed. Food and beverage income for the years ended June 30, 2021 and 2020, was \$-0- and \$672,245, respectively.

Historic Restoration Building Fee Income

The Organization adds a \$2 historic restoration building fee with each ticket sold for shows. Fees go to help maintain performance spaces, administrative offices, and shops. Historic Restoration Building Fee revenue is recognized at the point in time that the ticket is sold. For the years ended June 30, 2021 and 2020, Historic Restoration Building Fee income was \$9,899 and \$309,898, respectively.

NOTE Q - Operating Lease

The Organization has an operating lease for warehouse space which provides for monthly rental payments. The original term of the lease expired in 2014 and continues on a month-to-month basis with annual increases in rent of 3%, currently at \$2,217 per month. Rental expense for this warehouse for the year ended June 30, 2021, was \$26,602.

The Organization entered into a five-year agreement to rent out theater space under an operating lease that expires on December 2025. The annual rental fee is the greater of \$140,000 or 16% of gross admission revenue. In addition, the Organization is required to pay an annual historic preservation fee. In the year ended June 30, 2021, the Organization received rent deduction of \$72,100. Rental expense for the year ended June 30, 2021, was \$70,000.

The following is a schedule by years of the future minimum payments required under the lease as of June 30, 2021:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2022	\$182,555
2023	191,445
2024	200,705
2025	210,353
2026	<u>107,638</u>
Total	<u>\$892,696</u>

NOTE R - Line of Credit

The Organization has a \$750,000 line of credit with an interest rate of LIBOR plus 2.75% and collateralized by all business assets. The note does not have a maturity date, however, the lender may demand payment upon 90 days' notice to borrower at any time prior to payment in full and for any reason or no reason. No funds were drawn on the line during the years ended June 30, 2021 and 2020.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE S - Pension Plans

Employees are covered by several different plans. These plans include five multiemployer defined benefit pension plans, a multiemployer defined contribution pension plan, and a tax sheltered annuity plan.

Equity actors and stage managers belonging to Actors Equity Association are covered by a union pension plan administered by the Equity League Pension and Welfare Trust. The theater pays 8% of the actor's salary for pension benefits. The theater also contributed a percentage, ranging from 0.5% to 1.25%, of minimum weekly salaries to the defined contribution Equity-League 401(k) Trust Fund for the Equity members.

The defined benefit pension plan, Stage Employees Local No. 18 Retirement Plan, for the stagehands is administered by the Milwaukee Theatrical Stage Employees. The theater pays 10% of the stagehands' salary for pension coverage.

The pension plan for the directors is the SDC - League Pension Fund. The theater pays 8% of the director's salary for pension coverage.

The pension plan for the designers is the United Scenic Artists Local 829 Pension Fund. The theater pays 10% of the designer's salary for pension coverage.

Operating engineers are covered by the Central Pension Fund of the International Union Of Operating Engineers and Participating Employers. The theater pays 7% of regular hourly pay.

Full-time, full-season, and year-round employees not covered under a union sponsored pension plan are eligible to participate in the Milwaukee Repertory Theater, Inc.'s tax-sheltered annuity plan. Under this plan, beginning in their third consecutive year of full-time employment, Milwaukee Repertory Theater, Inc. contributes a percentage of regular earnings, as approved by the Board of Directors, to a tax-deferred annuity account for the employee. During the year ended June 30, 2021, Milwaukee Repertory Theater, Inc. made contributions of 7% of gross salary to the annuity fund.

Total pension plan contributions for the fiscal year ended June 30, 2021, were \$184,432.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE S - Pension Plans (continued)

As noted above, the Organization contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's participation in these plans for the annual period ended June 30, 2021, is outlined in the table below. The "EIN/Pension Plan #" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available is for the plan's fiscal year-end noted below. The zone status is based on information that the Organization received from the plan and is certified by the plan's actuary. Among other factors, 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 second to last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. None of the union contracts require minimum contributions to a plan. Employer contributions are not greater than 5% of any total plan contributions per the plan's most recently available annual report.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE S - Pension Plans (continued)

Multiemployer defined benefit pension plans are abbreviated as follows:

	<u>Plan</u>		<u>Abbreviation</u>
	Stage Employees Local No. 18 Retirement Plan		Stage
	The Equity - League Pension Plan		Equity
	SDC - League Pension Fund		SDC
	United Scenic Artists Local 829 Pension Fund		USA
	Central Pension Fund of the International Union Of Operating Engineers and Participating Employers		Engineers

	Pension Fund	EIN/Pension Plan #	PPA Zone Status 2014	FIP/RP Status Pending/ Implemented	Contributions in current year	Surcharge Imposed	Expiration Date Year	Fiscal end
	Stage	39-6224262-001	Green	None	\$20,238	No	6/30/22	Dec
	Equity	13-6696817-001	Green	None	1,787	No	2/13/23	May
	SDC	13-6634482-001	Yellow	Yes	515	No	4/14/23	Aug
	USA	13-1982707-001	Green	None	3,327	No	6/30/23	Dec
	Engineers	36-6052390-001	Green	None	12,766	No	6/30/22	Jan

NOTE T - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2021, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE U - Special Projects

The Theater expanded its fundraising efforts to raise additional funds, in fiscal year 2016, for its permanently restricted endowment fund and for a new temporarily restricted Special Projects Fund for the creation of a new production of A Christmas Carol to debut in December 2016, a New Play Development Program, a complete renovation of the Stackner Cabaret and the Theater's Community Engagement Programs. Donor restricted net assets of the Special Projects Fund as of June 30, 2021 and 2020, were \$2,605,270 and \$2,433,261, respectively.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE U - Special Projects (continued)

Net assets with donor restrictions of the special projects fund as of June 30, 2021 and 2020, consists of the following:

<u>Source</u>	<u>2021</u>	<u>2020</u>
New Play Development Program	\$1,482,693	\$1,471,381
Engagement Projects	440,561	440,537
Stackner Renovation	2,854	(1,260)
Classics Initiative	607,000	450,000
A Christmas Carol Rebuild	<u>72,162</u>	<u>72,603</u>
Total	<u>\$2,605,270</u>	<u>\$2,433,261</u>

NOTE V - Related Parties

The Organization used playwright services from a member of the board of directors. Total payments of \$-0- and \$10,000 were made as of June 30, 2021 and 2020, respectively.

The Organization used construction services from a member of the board of directors. Total payments of \$-0- and \$2,595 were made as of June 30, 2021 and 2020, respectively.

NOTE W - Subsequent Events

The Organization has evaluated events and transactions occurring after June 30, 2021, the date of the most recent statement of financial position, through the date financial statements are available to be issued, November 3, 2021, for possible adjustment to the financial statements or disclosure and determined that the following subsequent events need to be disclosed:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization may be affected by reduced funding or donations as well as postponement of productions and fundraising events. It is unknown at this time what, if any, negative impact on the Organization's financial position may be.

On July 14, 2021, the Organization received a federal grant of \$2,493,869 to be spent over the period from July 2021 through June 2022.

On October 28, 2021, the Organization received a federal grant of \$1,913,285 to be spent over the period from July 2021 through June 2022.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE
SCHEDULE OF WITHOUT DONOR RESTRICTED ACTIVITIES RECONCILED TO OPERATING BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

Milwaukee Repertory Theater, Inc. budgets its operations on a traditional fund accounting basis. The Board of Directors makes certain resources available to the management for day-to-day operations and designates other resources for longer term purposes. A reconciliation of unrestricted functional operating revenue and expenses to operating results as budgeted follows:

Change in Without Donor Restricted Operating Net Assets	\$ 459,496
Depreciation Expense	879,557
Purchase of Fixed Assets From Operating Resources	(204,481)
Net Contributed Revenue from Capital Projects	(96,280)
Affiliate Activity (Friends of Milwaukee Repertory Theater, Inc.)	<u>(1,948)</u>
 NET OPERATING SURPLUS	 <u><u>\$ 1,036,344</u></u>