# American Shakespeare Center

## Financial Report

September 30, 2025

BROWN EDWARDS
certified public accountants

American Shakespeare Center

# Contents

BROWNEDWARDS
certified public accountants

# Independent Auditor's Report

To the Board of Trustees
American Shakespeare Center
Staunton, Virginia

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of American Shakespeare Center (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Shakespeare Center as of September 30, 2025 and 2024, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Shakespeare Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the 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 American Shakespeare Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit 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 an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Shakespeare Center'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 American Shakespeare Center'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
December 3, 2025

# Financial Statements

# American Shakespeare Center

## Statements of Financial Position

**September 30, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 13,056 | $ 226,622 |
| Trade receivables | 1,288 | 1,779 |
| Grants receivable | 26,347 | - |
| Current portion of pledges receivable | 15,000 | - |
| Merchandise inventory | 13,636 | 19,838 |
| Prepaid expenses | 66,147 | 38,744 |
| Total current assets | 135,474 | 286,983 |
| OTHER ASSETS | | |
| Endowment (Note 3) | 221,788 | 94,117 |
| Deposits | 62,713 | 52,458 |
| Pledges receivable, net of current portion | 15,000 | - |
| Property and equipment, net (Note 2) | 1,745,151 | 1,813,966 |
| Right of use assets - operating leases, net (Note 6) | 714,009 | 929,541 |
| Total assets | **$ 2,894,135** | **$ 3,177,065** |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 996 | $ 17,619 |
| Accrued expenses | 43,137 | 36,940 |
| Deferred revenue | 419,363 | 457,382 |
| Line of credit (Note 4) | 40,000 | 10,000 |
| Current portion of lease liabilities - operating leases (Note 6) | 221,975 | 195,666 |
| Current portion of long-term debt (Note 5) | 109,743 | 102,701 |
| Total current liabilities | 835,214 | 820,308 |
| Lease liabilities - operating leases (Note 6) | 533,579 | 755,508 |
| Long-term debt, net of current portion (Note 5) | 1,040,681 | 1,150,376 |
| Total liabilities | 2,409,474 | 2,726,192 |
| NET ASSETS | | |
| Without donor restrictions | 249,051 | 354,654 |
| With donor restrictions (Note 9) | 235,610 | 96,219 |
| Total net assets | 484,661 | 450,873 |
| Total liabilities and net assets | **$ 2,894,135** | **$ 3,177,065** |

# American Shakespeare Center

## Statement of Activities

**Year Ended September 30, 2025**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES, GAINS, AND OTHER SUPPORT** | | | |
| Contributions | $ 601,638 | $ 123,142 | $ 724,780 |
| Grants | 135,720 | 50,000 | 185,720 |
| Performances (Note 11) | | | |
| Admissions | 2,592,711 | - | 2,592,711 |
| Education | 274,762 | - | 274,762 |
| In-kind contributions (Note 7) | 2,010 | - | 2,010 |
| Bar and gift store sales (Note 11) | 174,978 | - | 174,978 |
| Advertising revenue | 8,425 | - | 8,425 |
| Miscellaneous | 21,156 | - | 21,156 |
| Interest income | 2,920 | 6,529 | 9,449 |
| Net assets released from restriction | 40,280 | (40,280) | - |
| Total revenues, gains, and other support | 3,854,600 | 139,391 | 3,993,991 |
| **EXPENSES** | | | |
| Program services | 3,289,328 | - | 3,289,328 |
| Management and general | 567,130 | - | 567,130 |
| Fundraising | 103,745 | - | 103,745 |
| Total expenses | 3,960,203 | - | 3,960,203 |
| Change in net assets | (105,603) | 139,391 | 33,788 |
| **NET ASSETS** | | | |
| Beginning | 354,654 | 96,219 | 450,873 |
| Ending | **$ 249,051** | **$ 235,610** | **$ 484,661** |

# American Shakespeare Center

## Statement of Activities

**Year Ended September 30, 2024**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES, GAINS, AND OTHER SUPPORT** | | | |
| Contributions | $ 500,569 | $ 2,798 | $ 503,367 |
| Grants | 65,000 | - | 65,000 |
| Performances (Note 11) | | | |
| Admissions, net | 2,639,260 | - | 2,639,260 |
| Education | 239,328 | 9,965 | 249,293 |
| In-kind contributions (Note 7) | 16,188 | - | 16,188 |
| Bar and gift store sales (Note 11) | 175,407 | - | 175,407 |
| Miscellaneous | 16,586 | - | 16,586 |
| Interest income | 324 | 563 | 887 |
| Net assets released from restriction | 31,089 | (31,089) | - |
| Total revenue, gains, and other support | 3,683,751 | (17,763) | 3,665,988 |
| **EXPENSES** | | | |
| Program services | 3,028,629 | - | 3,028,629 |
| Management and general | 633,207 | - | 633,207 |
| Fundraising | 92,307 | - | 92,307 |
| Total expenses | 3,754,143 | - | 3,754,143 |
| Change in net assets | (70,392) | (17,763) | (88,155) |
| **NET ASSETS** | | | |
| Beginning | 425,046 | 113,982 | 539,028 |
| Ending | **$ 354,654** | **$ 96,219** | **$ 450,873** |

The Notes to Financial Statements are an integral part of this statement.

# American Shakespeare Center

## Statement of Functional Expenses

**Year Ended September 30, 2025**

| | Program Services | Management and General | Fundraising | Total |
|---|---|---|---|---|
| Salaries and wages | $ 1,367,634 | $ 240,583 | $ 74,589 | $ 1,682,806 |
| Benefits | 176,897 | 12,473 | 7,831 | 197,201 |
| Payroll taxes | 107,190 | 15,851 | 5,412 | 128,453 |
| Rent | 323,256 | 44,797 | 612 | 368,665 |
| Lease/rental of equipment | 2,859 | 1,518 | - | 4,377 |
| Cost of goods sold | 183,327 | - | - | 183,327 |
| Maintenance | 86,858 | 462 | - | 87,320 |
| Utilities | 86,585 | 9,741 | - | 96,326 |
| Taxes and licenses | 1,979 | 180 | 550 | 2,709 |
| Insurance | 57,429 | 3,987 | 1,490 | 62,906 |
| Depreciation | - | 120,424 | - | 120,424 |
| Office | 169,724 | 8,576 | 1,581 | 179,881 |
| Advertising and publicity | 95,990 | - | - | 95,990 |
| Meals and entertainment | 34,741 | 708 | 1,095 | 36,544 |
| Bank fees | 76,752 | 4,116 | - | 80,868 |
| Interest | 80,361 | 166 | - | 80,527 |
| Royalties | 51,047 | - | - | 51,047 |
| Training, meetings, and travel | 34,151 | 1,992 | 858 | 37,001 |
| Production costs | 35,406 | 40 | 59 | 35,505 |
| Professional fees | 285,398 | 100,815 | 225 | 386,438 |
| Other | 31,744 | 701 | 9,443 | 41,888 |
| | **$ 3,289,328** | **$ 567,130** | **$ 103,745** | **$ 3,960,203** |

# American Shakespeare Center

## Statement of Functional Expenses

**Year Ended September 30, 2024**

| | Program Services | Management and General | Fundraising | Total |
|---|---|---|---|---|
| Salaries and wages | $ 1,343,481 | $ 174,282 | $ 67,136 | $ 1,584,899 |
| Benefits | 187,771 | 15,399 | 8,118 | 211,288 |
| Payroll taxes | 106,346 | 11,859 | 5,144 | 123,349 |
| Rent | 291,627 | 40,291 | 204 | 332,122 |
| Lease/rental of equipment | 10,499 | 1,031 | - | 11,530 |
| Cost of goods sold | 173,924 | - | - | 173,924 |
| Maintenance | 61,066 | 158 | - | 61,224 |
| Utilities | 82,253 | 12,183 | - | 94,436 |
| Taxes and licenses | 4,168 | - | 300 | 4,468 |
| Insurance | 54,281 | 4,995 | 1,159 | 60,435 |
| Depreciation | 122,573 | - | - | 122,573 |
| Office | 105,042 | 3,763 | 4,687 | 113,492 |
| Advertising and publicity | - | 121,655 | - | 121,655 |
| Meals and entertainment | 30,304 | 423 | 707 | 31,434 |
| Bank fees | - | 84,670 | - | 84,670 |
| Interest | 84,367 | - | - | 84,367 |
| Royalties | 76,857 | - | - | 76,857 |
| Per diems | 188 | 14,946 | - | 15,134 |
| Training, meetings, and travel | 19,464 | 2,186 | - | 21,650 |
| Production costs | 31,700 | - | - | 31,700 |
| Professional fees | 238,060 | 142,644 | 500 | 381,204 |
| Other | 4,658 | 2,722 | 4,352 | 11,732 |
| | **$ 3,028,629** | **$ 633,207** | **$ 92,307** | **$ 3,754,143** |

# American Shakespeare Center

## Statements of Cash Flows

### Years Ended September 30, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Change in net assets | $ 33,788 | $ (88,155) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 120,424 | 122,573 |
| Amortization of right of use assets - operating leases | 19,912 | 14,130 |
| Contributions restricted for endowment | (121,142) | - |
| (Increase) decrease in assets: | | |
| Trade receivables | 491 | (1,060) |
| Grants receivable | (26,347) | 11,790 |
| Pledge receivable | (30,000) | - |
| Merchandise inventory | 6,202 | (2,759) |
| Prepaid expenses | (27,403) | (16,653) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (16,623) | (16,638) |
| Accrued expenses | 6,197 | 10,262 |
| Deferred revenue | (38,019) | 48,173 |
| Net cash provided by (used in) operating activities | (72,520) | 81,663 |
| **INVESTING ACTIVITIES** | | |
| Change in deposits | (10,255) | (3,916) |
| Purchase of property and equipment | (51,609) | - |
| Net cash used in investing activities | (61,864) | (3,916) |
| **FINANCING ACTIVITIES** | | |
| Proceeds from line of credit | 60,000 | - |
| Payments on line of credit | (30,000) | (15,000) |
| Payments on long-term debt | (102,653) | (97,408) |
| Collections of endowment support | 121,142 | - |
| Net cash provided by (used) in financing activities | 48,489 | (112,408) |
| Net decrease in cash and cash equivalents | (85,895) | (34,661) |
| **CASH AND CASH EQUIVALENTS** | | |
| Beginning | 320,739 | 355,400 |
| Ending | **$ 234,844** | **$ 320,739** |
| **CASH AND CASH EQUIVALENTS** | $ 13,056 | 226,622 |
| **ENDOWMENT (NOTE 3)** | 221,788 | 94,117 |
| Total cash and cash equivalents | **$ 234,844** | **$ 320,739** |
| **SUPPLEMENTAL DISCLOSURE** | | |
| Cash paid for interest | **$ 80,527** | **$ 84,367** |

The Notes to Financial Statements are an integral part of these statements.

## Note 1 – Nature of Entity and Significant Accounting Policies

At the American Shakespeare Center, our mission is to advance understanding, imagination, and community by illuminating Shakespeare through performance, research, and education in the Blackfriars Playhouse and beyond.

### *Basis of Financial Statement Presentation and Accounting*

The financial statements of the American Shakespeare Center (the "Center") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on an accrual basis.

The accompanying financial statements present information regarding the Center's financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The two classes are differentiated based on the existence or absence of donor-imposed restrictions.

> **Net assets without donor restrictions** may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.
>
> **Net assets with donor restrictions** are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Center pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

### *Cash and Cash Equivalents*

The Center considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Accounts in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances in these accounts at times may exceed federally insured limits. However, the Center does not believe it is subject to any significant credit risk as a result of those deposits.

### *Trade Receivables*

Receivables are stated at the amount management expects to collect from outstanding balances. Management uses the direct write-off method for credit losses. This method is not in accordance with GAAP; however, the difference is not material to the financial statements as a whole. No credit losses were recorded for the years ended September 30, 2025 or 2024. At September 30, 2025 and 2024, no receivables were greater than 90 days past due.

### *Grants Receivable*

The Center records grant revenue and receivable when the grants are awarded unless the grant revenues are conditional. Conditional grant revenues and receivables would be recorded when the uncertain future condition is satisfied. The Center received grants from foundations, state agencies, and the federal government for general operating support and for specific purposes.

*Pledges Receivable*

Pledges are recognized as revenue and recorded as a receivable when the Center meets the conditions for revenue recognition. Based on historical collections, the Center believes all pledges are fully collectible. If an amount becomes uncollectible, it will be charged to operations when that determination is made.

*Merchandise Inventory*

Merchandise inventory consists primarily of books and souvenir items and is stated at the lower of cost, as determined on the average cost basis, or net realizable value. Donated inventory is recorded at fair value at the date of the gift.

*Property and Equipment*

Property and equipment is stated at cost at date of acquisition or at fair value at the date of gift, less accumulated depreciation. Expenditures for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Blackfriars Playhouse building | 39 years |
| Furniture and fixtures | 3 – 7 years |
| Machinery and equipment | 3 – 7 years |
| Leasehold improvements | 3 years |

*Right of Use Assets and Lease Liabilities*

The Center follows FASB ASC 842, Leases in recording lease transactions. The standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into change in net assets on a straight-line basis over the lease term.

*Contributions*

Contributions, including unconditional promises, are recognized as without donor restrictions or with donor restrictions, in the period the donor's commitment is received. All donor-restricted contributions are reported as increases in donor-restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Amounts due to be received or paid in more than one year are discounted to their net present value. Changes in discounts are recognized as contribution revenue or expense over the period of the pledge. All pledges are deemed collectible and therefore an allowance for doubtful pledges is not considered necessary. Contributions received with donor-imposed restrictions that are met in the same year as received are recorded as revenues of the net asset without donor restrictions class. Contributions of donated noncash assets are recorded at their fair values on the date received.

*Deferred Revenue*

Deferred revenue consists primarily of the Center's obligation to fulfill future performance commitments. Deferred revenue also includes future event fees paid by attendees and gift cards purchased by customers.

### *Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Certain amounts in the statements of activities have been allocated among functional expense categories based on the activity benefited. Payroll is allocated based on estimate of time and occupancy costs are allocated based on square footage. The Center incurs shared costs that are allocated based on the program or service benefited.

### *Income Taxes*

The Center has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section §501(c)(3) of the *Internal Revenue Code* (*IRC*) and is generally exempt from federal income taxes. Certain revenues may be subject to unrelated business income tax. The Center follows the provisions of accounting for uncertainty in income tax positions as required by the *Income Taxes Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Management does not believe it is exposed to any such positions as they are defined in this guidance. The Center files Form 990 annually and Form 990-T when required.

### *Advertising Costs*

Advertising and publicity costs are expensed as incurred. Total publicity costs for the year ended September 30, 2025 and 2024 were $95,990 and $121,655, respectively.

### *Use of Estimates*

The preparation of financial statements in accordance with GAAP requires the Center 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.

### *Subsequent Events*

Management has evaluated subsequent events through December 3, 2025, the date the financial statements were available to be issued.

## Note 2 – Property and Equipment

Property and equipment consist of the following at September 30:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 51,329 | $ 51,329 |
| Building | 4,268,362 | 4,268,362 |
| Machinery and equipment | 82,616 | 82,616 |
| Furniture and fixtures | 65,592 | 65,592 |
| Leasehold improvements | 57,267 | 5,658 |
| | 4,525,166 | 4,473,557 |
| Less accumulated depreciation | (2,780,015) | (2,659,591) |
| Net property and equipment | **$ 1,745,151** | **$ 1,813,966** |

## Note 3 – Endowment

The Center has two endowments which consists of one account established to further the educational purposes of the Center and another account established for general purposes. The net assets associated with the Center's educational endowment are classified and reported based on the existence of donor-imposed restrictions for education. The net assets associated with the Center's general purpose endowment are classified and reported based on the existence of donor-imposed restrictions for general purpose.

The Center has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Center retains in perpetuity: a) the original value of initial and subsequent gift amounts donated to the permanent endowments 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 remaining portion of the donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Center in a manner consistent with the standard of prudence prescribed by SPMIFA. When the Center does appropriate amounts for expenditure, it will be based upon accumulated earnings in the funds and the educational and general needs of the Center. The primary objective is long-term capital appreciation and total return. The Center currently utilizes a money market account.

In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation or depreciation of investments
- Other resources of the Center
- The investment policies of the Center

The endowment assets as of September 30 were restricted as follows:

| | 2025 | 2024 |
|---|---|---|
| Educational Endowment | $ 98,364 | $ 94,117 |
| General Purpose Endowment | 123,424 | - |
| | **$ 221,788** | **$ 94,117** |

Endowment assets as of September 30 are summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Money market account | $ 221,788 | $ - |
| Certificate of deposit | - | 94,117 |
| | **$ 221,788** | **$ 94,117** |

Endowment net asset classification by type of fund as of September 30, 2025 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Donor-restricted endowment funds | **$ -** | **$ 221,788** | **$ 221,788** |

Changes in endowment net assets for the year ended September 30, 2025 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 94,117 | $ 94,117 |
| Investment return: | | | |
| Interest | - | 6,529 | 6,529 |
| Contributions | - | 121,142 | 121,142 |
| Endowment net assets, end of year | **$ -** | **$ 221,788** | **$ 221,788** |

Endowment net asset classification by type of fund as of September 30, 2024 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Donor-restricted endowment funds | **$ -** | **$ 94,117** | **$ 94,117** |

Changes in endowment net assets for the year ended September 30, 2024 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 93,554 | $ 93,554 |
| Investment return: | | | |
| Interest | - | 563 | 563 |
| Contributions | - | - | - |
| Endowment net assets, end of year | **$ -** | **$ 94,117** | **$ 94,117** |

Perpetual endowment funds that were required to be maintained in perpetuity by either explicit donor restriction or by SPMIFA was $89,171 as of September 30, 2025 and 2024 for the educational endowment and $121,142 and $-0- as of September 30, 2025 and 2024, respectively, for the general purpose endowment. The remainder represents the portion of perpetual endowment fund subject to time or purpose restrictions.

## Note 4 – Line of Credit

The Center took out a line of credit with Atlantic Union Bank totaling $200,000 of April 12, 2023. The line of credit is secured by the Blackfriars Playhouse. The line of credit was renewed on April 1, 2025.

The outstanding balance on the line of credit as of September 30, 2025 and 2024 totaled $40,000 and $10,000, respectively. The interest rate in effect at September 30, 2025 and 2024 was 7.25% and 8.50%, respectively.

## Note 5 – Long-Term Debt

The Center has a mortgage note collateralized by the Blackfriars Playhouse. The collateral consists of a first lien deed of trust on the building and any current and future improvements. The note is due November 13, 2033, and currently accrues interest at an annual rate of 6.65%. The interest rate is adjustable at five-year increments, and the next adjustment date for the interest rate is November 2028. The balances on this note were $1,150,424 and $1,253,077 as of September 30, 2025 and 2024, respectively.

Future note payments are as follows:

| | | |
|---|---|---|
| 2026 | $ | 109,743 |
| 2027 | | 117,267 |
| 2028 | | 125,308 |
| 2029 | | 133,900 |
| 2030 | | 143,080 |
| Thereafter | | 521,126 |
| | **$** | **1,150,424** |

## Note 6 – Leases

### *Leases – Lessee*

The Center holds a lease for office space under an operating lease agreement. The lease commenced on October 1, 2024, and had an initial period of 3 years with another 3-year renewal period ending on September 30, 2030. The Center was reasonably certain at September 30, 2027 that the lease would be renewed for another 3-year period and the lease liability and related right of use asset was calculated based on that assumption. Monthly rental payments on this lease vary annually with monthly payments of $2,490, $3,490, and 3,823 per month for fiscal years 2025, 2026, and 2027, respectively. The fee for the lease includes $823 in utility costs that are allocated to the Center.

The Center leases office space and shared-use conference rooms under an operating lease with payments of $884 per month. Rent payments are increased by 5% annually. The lease term is 3 years and expired in October 2024. Upon expiration of this lease, the Center entered into a new lease agreement for the office space and shared-use conference rooms commencing on November 1, 2024, and expiring on October 31, 2025. Any renewal periods are to be negotiated at the end of the lease term. A upon the termination of the original operating lease, the lease liability and related right of use asset were reduced to $-0- and no lease liability and related right of use asset were recorded for the new lease commencing in 2025.

The Center leases a facility for actor and/or employee housing under an operating lease. The lease requires annual rate increases, and currently consists of average monthly payments of $16,463. The lease expires in June 2028. An additional rental agreement for housing does not have an ending date and is paid month-to-month with a payment of $1,500.

The Center leases a vehicle under an operating lease agreement with monthly lease payments of $669 beginning on August 23, 2023. The lease term is 3 years and expires in June 2026.

The lease agreements do not include any material residual value guarantees or restrictive covenants.

Weighted-average lease term and discount rate as of September 30, 2025 were as follows:

| | |
|---|---|
| Weighted-average remaining lease term for operating lease | 3.38 years |
| Weighted-average discount interest rate for operating lease | 3.97% |

Weighted-average lease term and discount rate as of September 30, 2024 were as follows:

| | |
|---|---|
| Weighted-average remaining lease term for operating lease | 4.27 years |
| Weighted-average discount interest rate for operating lease | 4.27% |

Unless the lease terms explicitly state an interest rate, the Center uses the risk-free rate provided by the U.S. Treasury as the discount rate, as allowed under Accounting Standards Update No. 2021-09.

Lease liability maturities as of September 30, 2025 are as follows:

| | |
|---|---|
| 2026 | $ 247,918 |
| 2027 | 255,902 |
| 2028 | 209,230 |
| 2029 | 45,875 |
| 2030 | 45,875 |
| Thereafter | 3,823 |
| Total undiscounted liabilities | 808,623 |
| Less present value discount | (53,069) |
| Total lease liability | **$ 755,554** |

## Note 7 – In-Kind Contributions

The Center received $2,010 and $6,188 of donated materials to be used for props and other program activities during the year ended September 30, 2025 and 2024, respectively. These in-kind donations were recorded at their estimated fair market value. Additionally, professional services were provided without charge. The total value of these services was $-0- and $10,000 during the year ended September 30, 2025 and 2024, respectively. The value of these items and services is included on the statements of activities.

## Note 8 – Pension Contributions

The Center contributes funds to the Equity League Pension and Health Trust Fund on behalf of covered actors under a contract with Actors Equity Association. Contributions amounted to $47,690 and $37,673 for the years ended September 30, 2025 and 2024, respectively.

## Note 9 – Net Assets with Donor Restrictions

Net assets with purpose and time restrictions consist of endowment earnings net of fees and contributions receivable to be received in the future that are not designated for endowment. Net assets with donor restrictions are available for the following purposes:

| | 2025 | 2024 |
|---|---|---|
| Grants | $ 11,822 | $ - |
| Intern Stipend | 2,000 | - |
| Interest income on endowment | 11,475 | 4,946 |
| Band candy donations | - | 2,102 |
| | **$ 25,297** | **$ 7,048** |

Perpetually restricted net assets consist of all amounts restricted for endowment. Perpetually restricted net assets were $89,171 at of September 30, 2025 and 2024 for the educational endowment and $121,142 and $-0- as of September 30, 2025 and 2024, respectively, for the general purpose endowment.. See Note 3 for additional detail on perpetual restriction.

## Note 10 – Liquidity and Availability

The following table reflects the Center's financial assets as of September 30, reduced for amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, or because the governing board has set aside the funds for a specific purpose. These board designations could be drawn upon if the board approves that action. The Center considers general expenditures to be all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

| | 2025 | 2024 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents | $ 13,056 | $ 226,622 |
| Trade receivables | 1,288 | 1,779 |
| Grant receivables | 26,347 | - |
| Pledge receivables | 30,000 | - |
| Total financial assets | 70,691 | 228,401 |
| Less those unavailable for general expenditure within one year: | | |
| Donor-restricted funds | (13,822) | (2,102) |
| Pledge receivable to be received in over a year | (15,000) | - |
| Total unavailable assets | (28,822) | (2,102) |
| Financial assets available to meet cash needs for general expenditures within one year | **$ 41,869** | **$ 226,299** |

## Note 11 – Revenue Recognition

The following table summarizes revenue by the Center's main sources of revenue from contracts with customers for the years ended September 30:

| | 2025 | 2024 |
|---|---|---|
| Performance | $ 2,867,473 | $ 2,888,553 |
| Bar and gift store | 174,978 | 175,407 |
| | **$ 3,042,451** | **$ 3,063,960** |

Accounts receivable from contracts with customers were as follows:

| | 2025 | 2024 |
|---|---|---|
| Receivables from contracts with customers, net: | | |
| Beginning of year | $ 1,779 | $ 719 |
| End of year | 1,288 | 1,779 |

Deferred revenue from contracts with customers were as follows:

| | 2025 | 2024 |
|---|---|---|
| Deferred revenue from contracts with customers, net: | | |
| Beginning of year | $ 457,382 | $ 409,209 |
| End of year | 419,363 | 457,382 |

The following is a description of principal activities from which the Center generates its revenues from customers:

### *Performances*

The performance of plays results in the satisfaction of the Center's performance obligation. Customers pay in advance and revenue is recognized as the play is completed.

Ticket prices include variable consideration for negotiated pricing agreements per customer based on contractual agreements or discounts. Management recognizes variable consideration as ticket sales are made to each customer as the variable consideration is specifically identifiable to each customer and does not require the use of estimates.

### *Gift Store*

The sale and transfer of ownership of merchandise to customers results in the satisfaction of the Center's performance obligation. Revenue is recognized at the point of sale.

### *Use of Practical Expedients*

The Center applies revenue recognition on a portfolio basis for each revenue stream.

## Note 12 – Related Party Transactions

Mary Baldwin University (MBU) and the Center have entered into an agreement under which MBU pays an annual fee of $65,000 in order to gain access to Blackfriars Playhouse and staff to facilitate their educational programs during the academic year. This contract is renewable on an annual basis.

The Center is regularly supported by its officers and trustees. The Center received $78,061 and $65,709 for the years ended September 30, 2025 and 2024, respectively.