

CIVIC THEATRE OF ALLENTOWN, PA

**Financial Statements,
Independent Auditor's Report
and Supplementary Information**

June 30, 2024

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

**CIVIC THEATRE OF ALLENTOWN, PA
TABLE OF CONTENTS**

	Page(s)
Independent Auditor's Report	1 - 2
<i>Financial Statements:</i>	
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis	3
Statement of Support, Revenue, and Expenses And Changes in Net Assets – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Statements of Cash Flows – Modified Cash Basis	6
Notes to Financial Statements	7 - 13

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Civic Theatre of Allentown, PA
Allentown, PA

Opinion

We have audited the accompanying financial statements of Civic Theatre of Allentown, PA (a not-for-profit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2024, and the related statements of support, revenue, and expenses and changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year 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 assets, liabilities, and net assets of Civic Theatre of Allentown, PA as of June 30, 2024, and its support, revenue, and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audit 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 Civic Theatre of Allentown, PA 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

CIVIC THEATRE OF ALLENTOWN, PA
STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS – MODIFIED CASH BASIS
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 379,739	\$ 585,566
Restricted Cash and Cash Equivalents	516,752	513,952
Property and Equipment, Net (Note 4)	<u>5,680,088</u>	<u>5,894,946</u>
TOTAL ASSETS	<u>\$ 6,576,579</u>	<u>\$ 6,994,464</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Note Payable (Note 5)	<u>\$ 1,737,675</u>	<u>\$ 1,737,675</u>
TOTAL LIABILITIES	<u>1,737,675</u>	<u>1,737,675</u>
Net Assets		
Invested in Property and Equipment, Net	3,942,413	4,157,271
Undesignated	<u>379,739</u>	<u>585,566</u>
Total Without Donor Restrictions	4,322,152	4,742,837
With Donor Restrictions (Note 6)	<u>516,752</u>	<u>513,952</u>
TOTAL NET ASSETS	<u>4,838,904</u>	<u>5,256,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,576,579</u>	<u>\$ 6,994,464</u>

See independent auditor's report and notes to the financial statements.

CIVIC THEATRE OF ALLENTOWN, PA
STATEMENT OF FUNCTIONAL EXPENSES
- MODIFIED CASH BASIS

For the Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023

	Program Services			Supporting Services		Total
	Film	Theatre School	Theatre	Management and General	Fundraising	
Salaries	\$ 36,562	\$ 12,690	\$ 109,517	\$ 252,055	\$ 58,500	\$ 469,324
Payroll Taxes	3,894	971	8,378	26,747	4,475	44,465
Employee Benefits	-	-	14,815	43,414	6,201	64,430
Staff Development and Travel	-	-	-	-	1,013	1,013
Building Repair and Maintenance	7,754	7,754	23,260	12,923	-	51,691
Utilities	10,557	10,557	31,672	17,595	-	70,381
Insurance	7,074	7,170	7,314	11,219	2,201	34,978
Professional Fees	-	-	-	21,095	6,400	27,495
Marketing and Advertising	-	-	55,900	67,453	-	123,353
Office and Administrative Expenses	-	-	-	65,075	-	65,075
Printing and Postage	-	515	-	2,454	4,549	7,518
Concession and Merchandise Expense	14,145	2,341	14,144	1,076	-	31,706
Production Artists	-	-	61,373	-	-	61,373
Production Costs	23,759	-	91,758	343	1,182	117,042
Bank and Service Fees	4,543	15,375	4,698	33,105	-	57,721
Storage	-	-	-	2,503	-	2,503
Event Costs	-	-	-	-	25,127	25,127
Miscellaneous	-	-	-	-	384	384
Donated Services	-	-	-	-	-	-
Depreciation	51,621	51,621	103,241	8,375	-	214,858
Interest Expense	38,527	38,528	77,055	-	-	154,110
Total Expenses	198,436	147,522	603,125	565,432	110,032	1,624,547
Less Expenses Included with Revenues and Other Support on the Statement of Support, Revenue and Expenses and Changes in Net Assets - Modified Cash Basis	-	-	-	-	(25,127)	(25,127)
Total	\$ 198,436	\$ 147,522	\$ 603,125	\$ 565,432	\$ 84,905	\$ 1,599,420
						\$ 1,699,151

See independent auditor's report and notes to the financial statements.

CIVIC THEATRE OF ALLENTOWN, PA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. Organization

Civic Theatre of Allentown, PA (the "Organization") entertains, educates, and enriches lives and provides a venue for artists and audiences to explore their humanity and relevance in the world. With the mission to inspire, enlighten and entertain, the nonprofit theatre company is proud to be home to Civic Theatre School, the area's first established training program for young actors. The Organization also offers year-round arthouse cinema experiences and programming, opportunities for artists, musicians, storytellers and playwrights in their black box space, THE HUB, while producing first class non-profit theatre by and for the Greater Lehigh Valley area.

The Organization's support comes primarily from admission and concession fees and from donor contributions.

The Organization is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized accounts receivable, accounts payable, or other accrued expenses. Modifications to the cash basis of accounting include the recording and depreciating of property and equipment and long term debt such as notes payable, and contributed services. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no restrictions in perpetuity at June 30, 2024 and 2023.

CIVIC THEATRE OF ALLENTOWN, PA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. Summary of Significant Accounting Policies (Continued)

Allocation of Expenses by Functional and Natural Classification

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the Statement of Support, Revenue, and Expenses and Changes in Net Assets – Modified Cash Basis, and on the Statement of Functional Expenses – Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Costs are allocated among functional reporting classification based on use. Expenses that cannot be specifically identified are allocated based on estimates made by management for time spent by key personnel between functions, consumption, and other objective bases.

Advertising

Advertising costs are expensed when incurred. Total advertising costs were \$123,353 and \$145,729 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the year ended June 30, 2024.

The Organization files its Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Concentration of Credit Risk

The Organization, at times, maintains cash balances with a financial institution which may exceed federally insured limits. The balances are insured by the Federal deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The Organization has not historically experienced any credit related losses. At June 30, 2024 and 2023, the Organization had \$325,046 and \$383,234 in excess of the FDIC insured limit, respectively.

CIVIC THEATRE OF ALLENTOWN, PA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4. Property and Equipment

Property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 23,000	\$ 23,000
Theatre Property	1,394,579	1,394,579
Stage Equipment	257,261	257,261
Office Equipment	46,955	46,955
Theatre Restoration	5,888,206	5,888,206
Construction in Progress	<u>82,332</u>	<u>82,332</u>
	7,692,333	7,692,333
Less: Accumulated Depreciation	<u>(2,012,245)</u>	<u>(1,797,387)</u>
	<u>\$ 5,680,088</u>	<u>\$ 5,894,946</u>

Depreciation charged to expense was \$214,858 and \$216,591 for the years ended June 30, 2024 and 2023, respectively.

5. Note Payable

Note Payable consists of the following:

	<u>2024</u>	<u>2023</u>
Construction loan beginning August 18, 2017, for up to \$2,500,000 with interest to float at Wall Street Journal Prime plus 0.25% (8.75% as of June 30, 2024). First eighty-four consecutive monthly payments are interest only followed by one hundred fifty-five monthly payments of principal plus interest at an amount to be determined using the then interest rate amortized over the remaining thirteen years of the term. Pledges toward the construction and renovation of the Civic Theatre of Allentown, PA are to be used as principal payment payable to Truist within ten business days of receipt. Pledges will be applied after the eighty-four monthly payments. The final payment, of all outstanding principal, accrued interest, and costs shall be made on or before two hundred and forty months. Assets of the organization are pledged as collateral. Matures August 2037.	\$ 1,737,675	\$ 1,737,675
Less: Current Portion	<u>-</u>	<u>-</u>
	<u>\$ 1,737,675</u>	<u>\$ 1,737,675</u>

CIVIC THEATRE OF ALLENTOWN, PA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

7. Subsequent Events

The Organization's management has evaluated events subsequent to June 30, 2024 that affect the Organization through May 8, 2025, the date the financial statements were available to be issued and has determined that no material subsequent events exist that require recognition or disclosure.