

History Theatre, Inc.
St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2022 and 2021



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
EXHIBIT A: Statements of Financial Position – June 30, 2022 and 2021	3
EXHIBIT B: Statements of Activities – For the Years Ended June 30, 2022 and 2021	4
EXHIBIT C: Statement of Functional Expense – For the Year Ended June 30, 2022 with Comparative Totals for 2021	5
EXHIBIT D: Statement of Functional Expense – For the Year Ended June 30, 2021	6
EXHIBIT E: Statements of Cash Flows – For the Years Ended June 30, 2022 and 2021	7
NOTES TO FINANCIAL STATEMENTS	8-13



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
History Theatre, Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of History Theatre, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, 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 History Theatre, Inc. as of June 30, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these 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 History Theatre, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 History Theatre Inc.'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 and *Government 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, including omissions, 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 and *Government 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 History Theatre, Inc.'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 History Theatre, Inc.'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.

Carpenter, Ewert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
February 28, 2023

HISTORY THEATRE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,604,308	\$ 1,538,583
Accounts Receivable	28,800	5,690
Grants and Contributions Receivable	106,804	69,435
Prepaid Expenses	63,509	97,957
Total Current Assets	<u>1,803,421</u>	<u>1,711,665</u>
Grants and Contributions Receivable	-	40,000
Property and Equipment - Net	<u>22,199</u>	<u>29,314</u>
 TOTAL ASSETS	 <u><u>\$ 1,825,620</u></u>	 <u><u>\$ 1,780,979</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 67,476	\$ 6,401
Refundable Advance-PPP Loan	-	78,667
Accrued Wages and Vacation	41,660	22,265
Other Accrued Expense	3,785	87,042
Deferred Ticket Income	335,733	163,291
Total Current Liabilities	<u>448,654</u>	<u>357,666</u>
Net Assets:		
Without Donor Restrictions:		
Board Designated	425,000	300,000
Undesignated	873,916	917,675
Total Without Donor Restrictions	<u>1,298,916</u>	<u>1,217,675</u>
With Donor Restrictions	<u>78,050</u>	<u>205,638</u>
Total Net Assets	<u><u>1,376,966</u></u>	<u><u>1,423,313</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,825,620</u></u>	 <u><u>\$ 1,780,979</u></u>

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

HISTORY THEATRE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Support and Revenue:					
Grants and Contributions of Financial Assets	\$ 415,347	\$ 35,000	\$ 558,416	\$ 95,000	\$ 653,416
Government Contributions	1,446,228	-	334,110	-	334,110
Ticket Sales	734,746	-	60,663	-	60,663
Tour Income	76,200	-	-	-	-
Other Earned Income	63,979	-	18,446	-	18,446
Special Event:					
Special Event Income	73,130	-	55,218	-	55,218
Costs of Direct Benefit to Donors	(46,576)	-	(10,176)	-	(10,176)
Net Special Event	26,554	-	45,042	-	45,042
Other Income	4,466	-	733	-	733
Net Assets Released from Restrictions:					
Satisfaction of Purpose Restrictions	122,588	(122,588)	55,934	(55,934)	-
Satisfaction of Time Restrictions	40,000	(40,000)	30,000	(30,000)	-
Total Support and Revenue	2,930,108	(127,588)	1,103,344	9,066	1,112,410
Expense:					
Program Services:					
Artistic and Production	2,255,039	-	760,933	-	760,933
Education	61,486	-	10,156	-	10,156
Total Program Services	2,316,525	-	771,089	-	771,089
Support Services:					
Management and General	371,242	-	158,860	-	158,860
Fundraising	161,100	-	52,174	-	52,174
Total Support Services	532,342	-	211,034	-	211,034
Total Expense	2,848,867	-	982,123	-	982,123
Change in Net Assets	81,241	(127,588)	121,221	9,066	130,287
Net Assets - Beginning of Year	1,217,675	205,638	1,096,454	196,572	1,293,026
Net Assets - End of Year	\$ 1,298,916	\$ 78,050	\$ 1,217,675	\$ 205,638	\$ 1,423,313

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

HISTORY THEATRE, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022					2021	
	Program Services		Support Services			Total All Services	Total All Services
	Artistic & Production	Education	Program Services	Management & General	Fund-raising	Support Services	Total
Salaries	\$ 1,047,588	\$ 49,665	\$ 1,097,253	\$ 178,304	\$ 96,010	\$ 274,314	\$ 1,371,567
Employee Benefits	134,062	3,967	138,029	22,430	12,078	34,508	172,537
Payroll Taxes	106,130	2,644	108,774	17,676	9,518	27,194	135,968
Total Personnel Costs	1,287,780	56,276	1,344,056	218,410	117,606	336,016	1,680,072
Occupancy	230,618	-	230,618	20,499	5,125	25,624	256,242
Production Costs	225,901	-	225,901	-	-	-	225,901
Contract Artist Fees	231,145	-	231,145	-	-	-	231,145
Other Contract Services	49,140	5,210	54,350	43,432	26,107	69,539	123,889
Advertising and Marketing	112,192	-	112,192	-	-	-	112,192
Professional Fees	-	-	-	56,850	-	56,850	56,850
Printing	23,448	-	23,448	11,724	3,908	15,632	39,080
Credit Card and Other Bank Fees	34,626	-	34,626	-	-	-	34,626
Office Supplies	11,192	-	11,192	5,596	1,865	7,461	18,653
Equipment Rental	8,982	-	8,982	4,491	1,497	5,988	14,970
Insurance	13,284	-	13,284	1,181	295	1,476	14,760
Miscellaneous	9,156	-	9,156	-	-	-	9,156
Telephone	5,338	-	5,338	2,669	890	3,559	8,897
Dues and Subscriptions	-	-	-	5,302	3,535	8,837	8,837
Depreciation	12,237	-	12,237	1,088	272	1,360	13,597
Total Expense	\$ 2,255,039	\$ 61,486	\$ 2,316,525	\$ 371,242	\$ 161,100	\$ 532,342	\$ 2,848,867
							\$ 982,123

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

HISTORY THEATRE, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Support Services			Total All Services
	Artistic & Production	Education	Program Services	Management & General	Fund-raising	Support Services	
Salaries	\$ 348,022	\$ -	\$ 348,022	\$ 56,554	\$ 30,452	\$ 87,006	\$ 435,028
Employee Benefits	64,316	-	64,316	10,446	5,625	16,071	80,387
Payroll Taxes	18,273	-	18,273	2,969	1,599	4,568	22,841
Total Personnel Costs	430,611	-	430,611	69,969	37,676	107,645	538,256
Occupancy	105,982	-	105,982	9,421	2,355	11,776	117,758
Production Costs	45,253	-	45,253	-	-	-	45,253
Contract Artist Fees	40,740	-	40,740	-	-	-	40,740
Other Contract Services	48,457	-	48,457	7,726	5,459	13,185	61,642
Advertising and Marketing	32,523	-	32,523	-	-	-	32,523
Professional Fees	-	-	-	51,934	-	51,934	51,934
Printing	1,062	1,062	2,124	1,062	354	1,416	3,540
Credit Card and Other Bank Fees	12,903	-	12,903	-	-	-	12,903
Office Supplies	3,941	3,941	7,882	3,941	1,314	5,255	13,137
Equipment Rental	2,805	2,805	5,610	2,805	934	3,739	9,349
Insurance	18,242	-	18,242	1,621	405	2,026	20,268
Miscellaneous	1,250	-	1,250	2,867	-	2,867	4,117
Telephone	2,348	2,348	4,696	2,348	782	3,130	7,826
Dues and Subscriptions	-	-	-	3,849	2,566	6,415	6,415
Depreciation	14,816	-	14,816	1,317	329	1,646	16,462
Total Expense	\$ 760,933	\$ 10,156	\$ 771,089	\$ 158,860	\$ 52,174	\$ 211,034	\$ 982,123

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

HISTORY THEATRE, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (46,347)	\$ 130,287
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	13,597	16,462
Grants and Contributions Receivable-LT	40,000	(40,000)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	61,075	(8,378)
Refundable Advance-PPP Loan	(78,667)	78,667
Accrued Wages and Vacation	19,395	(13,669)
Other Accrued Expense	(83,257)	85,500
Deferred Ticket Income	172,442	57,137
Decreases (Increases) in Current Assets:		
Accounts Receivable	(23,110)	(166)
Grants and Contributions Receivable	(37,369)	(36,705)
Prepaid Expenses	34,448	(13,033)
Net Cash Provided (Used) by Operating Activities	<u>72,207</u>	<u>256,102</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(6,482)	(5,469)
Net Cash (Used) by Investing Activities	<u>(6,482)</u>	<u>(5,469)</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	65,725	250,633
Cash and Cash Equivalents - Beginning of Year	<u>1,538,583</u>	<u>1,287,950</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,604,308</u>	<u>\$ 1,538,583</u>

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

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Organizational Purpose

Started in 1978, the mission of History Theatre, Inc. (the Theatre) is to create and produce plays about Minnesota, the Midwest and the diverse American experience. The Theatre's vision is to be recognized as the nation's foremost producer of innovative works with historical themes that include original and wide-ranging perspectives.

The Theatre's programs are as follows:

Artistic and Production – The Theatre provides quality performances by hiring the finest playwrights, composers, actors, designers and technicians.

Education – Committed to community outreach and services, the Theatre provides educational resources and experiences for both adults and youth. The Theatre also provides education matinees designed for students, which include all main stage shows and post-show discussion sessions.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Theatre, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net Assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Theatre reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction 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.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believe the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the years ended June 30, 2022 and 2021, as required.

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Theatre considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Theatre extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Theatre does not charge interest on accounts receivable balances. The Theatre reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Property and Equipment

All major expenditures above \$500 for property and equipment are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

The Theatre recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Theatre's revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Theatre has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Theatre received a \$268,558 PPP loan in the year ended June 30, 2021 and recorded \$78,667 and \$189,891 as Government Contributions in the years ending June 30, 2022 and 2021, respectively based on expenses incurred. The loan has been forgiven.

Ticket Sales, Tour Income and Other Earned Income are recognized as revenue when the performance obligation of providing services are met.

Special event income is equal to the fair value of the direct benefit to the donors and the contributions received related to the events.

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

The following provides information about significant changes in deferred ticket income for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Deferred Ticket Income – Beginning of Year	\$ 163,291	\$ 106,154
Decreases due to revenue recognized	(442,129)	(12,953)
Increases due to cash received	<u>614,571</u>	<u>70,090</u>
Deferred Ticket Income – End of Year	<u>\$ 335,733</u>	<u>\$ 163,291</u>

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Advertising

The Theatre uses advertising to promote its cause. Advertising costs are expensed as incurred. Advertising expense was \$112,192 and \$32,523 for the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

Income Tax

The Theatre has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted Accounting for Uncertainty in Income Taxes, ASC 740-10. The Theatre's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Theatre continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Theatre annually files a Return of Organization Exempt From Income Tax (Form 990).

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Subsequent Events

In August 2022, the Theatre signed a ten year space lease beginning on July 1, 2022 and ending June 30, 2032. Total base rent over the ten year term is \$1,532,000, but the Theatre has a one-time termination option that can be exercised any time after the third year by filing written notice and paying an amount equal to six months of base rent.

The Theatre has evaluated the effect that subsequent events would have on the financial statements through February 28, 2023, which is the date financial statements were available to be issued.

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there is still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Theatre expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Theatre to concentrations of credit risk consist principally of temporary cash investments. The Theatre places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. The amounts due for services and grants receivable are from local individuals and institutions. Concentrations of credit risk with respect to grants receivable are limited due to the financial stability of the contributors.

4. Grants Receivable

The outstanding balance of grants receivable at June 30, 2022 and 2021, is expected to be collected over the following fiscal years:

<u>Due in the Year Ending June 30,</u>	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 69,435
2023	<u>106,804</u>	<u>40,000</u>
	<u>\$ 106,804</u>	<u>\$ 109,435</u>

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. Property and Equipment

The Theatre owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2022</u>	<u>2021</u>	
Property and Equipment	\$ 115,516	\$ 109,035	3-10 years
Less Accumulated Depreciation	<u>93,317</u>	<u>79,721</u>	
	<u>\$ 22,199</u>	<u>\$ 29,314</u>	

Depreciation expense of \$13,597 and \$16,462 was recorded for the years ended June 30, 2022 and 2021, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Subject to Expenditures for a Specified Purpose:		
Kim Loo Sisters:		
National Endowment for the Arts	\$ 10,000	\$ 10,000
Lance Belville New Work Fund:		
SRI	8,050	3,703
Arts Learning, Access and Tour:		
Minnesota State Arts Board	-	<u>111,935</u>
	<u>18,050</u>	<u>125,638</u>
Subject to Expenditures for Future Operations:		
McKnight Foundation	40,000	80,000
3M Foundation	<u>20,000</u>	<u>-</u>
	<u>60,000</u>	<u>80,000</u>
Total	<u>\$ 78,050</u>	<u>\$ 205,638</u>

7. Designated Net Assets

The Board of Directors made the following net asset designations as of:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
The Facility and Capital Reserve	\$ 200,000	\$ 150,000
Succession Reserve Fund	125,000	75,000
Program Opportunity Reserve	<u>100,000</u>	<u>75,000</u>
Total	<u>\$ 425,000</u>	<u>\$ 300,000</u>

HISTORY THEATRE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. Liquidity and Availability

The following represents the Theatre's financial assets at:

	June 30,	
	2022	2021
Financial Assets:		
Cash and Cash Equivalents	\$ 1,604,308	\$ 1,538,583
Accounts Receivable	28,800	5,690
Grants and Contributions Receivable	106,804	109,435
Total Financial Assets	1,739,912	1,653,708
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	78,050	205,638
Board Designated as Reserve	425,000	300,000
Net Assets With Restrictions to be met within a year	(78,050)	(165,638)
Total assets not available for general expenditures within one year:	425,000	340,000
Financial assets available for general expenditures within one year:	\$ 1,314,912	\$ 1,313,708

The Theatre maintains a board-designated reserve of \$425,000 and \$300,000 for the years ended June 30, 2022 and 2021, respectively that is not considered available for use within one year. Although the Theatre does not intend to spend from this board-designated reserve, these amounts could be made available if necessary.

As part of the Theatre's liquidity plan, the Theatre has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

9. Lease Commitments

The Theatre leases its theatre and office space currently on a month to month basis. Rental commitments under noncancelable leases for equipment in effect at June 30, 2022, total \$4,980. The future annual rental commitments for equipment are as follows:

<u>Due in the Year Ending June 30,</u>	
2023	<u>\$ 4,980</u>

Rent expense for the theatre and office space was \$114,000 and \$113,968 for the years ended June 30, 2022 and 2021, respectively.

In August 2022, the Theatre signed a ten year lease which expires June 30, 2032. Annual base rent is \$124,000 in year one and increases each year until it reached \$182,000 in year ten.