

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended June 30, 2024
(With Summarized Totals for the Year Ended June 30, 2023)

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Independent Auditors' Report

Board of Directors
Skylight Music Theatre Corp.
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of Skylight Music Theatre Corp. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows 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 financial position of Skylight Music Theatre Corp. as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Skylight Music Theatre Corp. 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 Skylight Music Theatre Corp.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

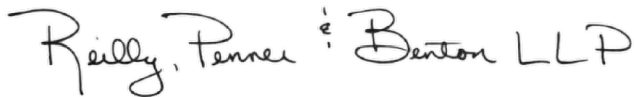
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Skylight Music Theatre Corp.'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 Skylight Music Theatre Corp.'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.

Report on Summarized Comparative Information

We have previously audited Skylight Music Theatre Corp.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Riley Penner : Benton LLP

August 26, 2025

Milwaukee, Wisconsin

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Statement of Financial Position
June 30, 2024
(With Summarized Totals for the Year Ended June 30, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
Assets:				
Current assets:				
Cash and equivalents	\$ 79,234	\$ 73,537	\$ 152,771	\$ 267,069
Accounts receivable - (less allowance for credit losses of \$0 for June 30, 2024 and 2023)	21,201	---	21,201	5,940
Contributions and grants receivable, net	---	165,170	165,170	217,383
Inventory	7,480	---	7,480	7,480
Prepaid expenses	26,029	---	26,029	100,011
Total current assets	133,944	238,707	372,651	597,883
Property and Equipment:				
Property and equipment:	742,649	---	742,649	727,504
Accumulated depreciation	(635,721)	---	(635,721)	(579,291)
Net property and equipment	106,928	---	106,928	148,213
Long-term assets:				
Long-term investments	303,429	---	303,429	1,143,321
Contributions and grants receivable, net	---	---	---	38,186
Total long-term assets	303,429	---	303,429	1,181,507
Other assets:				
Security deposits and other assets	54,060	---	54,060	53,049
Operating leases right-of-use	1,784,401	---	1,784,401	2,239,488
Finance lease right-of-use	16,287	---	16,287	21,716
	1,854,748	---	1,854,748	2,314,253
Total assets	\$ 2,399,049	\$ 238,707	\$ 2,637,756	\$ 4,241,856
Liabilities and Net Assets:				
Current liabilities:				
Accounts payable and other liabilities	\$ 240,971	\$ ---	\$ 240,971	\$ 107,968
Accrued payroll and tax liabilities	22,051	---	22,051	27,464
Deferred revenue	372,230	---	372,230	294,151
Current portion of operating lease liabilities	451,117	---	451,117	402,300
Current portion of financing lease liabilities	5,424	---	5,424	5,271
Total current liabilities	1,091,793	---	1,091,793	837,154
Long-term liabilities:				
Operating lease liabilities - net of current portion	1,472,776	---	1,472,776	1,923,893
Financing lease liabilities - net of current portion	11,328	---	11,328	16,753
Total long-term liabilities	1,484,104	---	1,484,104	1,940,646
Other liabilities:				
Security deposits	2,024	---	2,024	2,024
Gift cards	11,393	---	11,393	9,605
Total other liabilities	13,417	---	13,417	11,629
Total liabilities	2,589,314	---	2,589,314	2,789,429
Net Assets (Deficit):				
Without donor restrictions				
Undesignated	(190,265)	---	(190,265)	3,867
Board Designated	---	---	---	1,143,321
Without donor restrictions	(190,265)	---	(190,265)	1,147,188
With donor restrictions	---	238,707	238,707	305,239
Total net assets	(190,265)	238,707	48,442	1,452,427
Total liabilities and net assets	\$ 2,399,049	\$ 238,707	\$ 2,637,756	\$ 4,241,856

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

SKYLIGHT MUSIC THEATRE CORP.

Milwaukee, Wisconsin

Statement of Activities

For the Year Ended June 30, 2024

(With Summarized Totals for the Year Ended June 30, 2023)

	<u>Without Donor</u>	<u>With Donor</u>	<u>2024</u>	<u>2023</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Support and Revenue:				
Public support revenue				
Performance ticket income	\$ 1,024,803	\$ ---	\$ 1,024,803	\$ 1,226,836
Contributions	788,150	27,000	815,150	700,818
United Performing Arts Fund	240,060	79,447	319,507	449,519
Governmental grants	19,760	---	19,760	6,000
Contributed nonfinancial assets	17,928	---	17,928	28,878
Total public support revenue	2,090,701	106,447	2,197,148	2,412,051
Special Events				
Special events revenue	18,267	---	18,267	24,569
Less: costs of direct benefit to donors	---	---	---	(23,001)
Net special events revenue	18,267	---	18,267	1,568
Special events contributions	---	---	---	63,439
Less: incidental benefits	(4,699)	---	(4,699)	(60,983)
Net special event income	13,568	---	13,568	4,024
Other Revenue:				
Program service fees	2,372	---	2,372	2,791
Investment income, net	30,912	---	30,912	117,334
Rental income	125,377	---	125,377	160,425
Other income	108,051	---	108,051	151,454
Total other revenue	266,712	---	266,712	432,004
Net assets released from restrictions	172,979	(172,979)	---	---
Total support and revenue	2,543,960	(66,532)	2,477,428	2,848,079
Expenses:				
Program services	3,307,474	---	3,307,474	3,689,315
General and administrative	442,119	---	442,119	540,125
Fundraising	131,820	---	131,820	191,411
Total expenses	3,881,413	---	3,881,413	4,420,851
Change in net assets	(1,337,453)	(66,532)	(1,403,985)	(1,572,772)
Net assets, beginning of year	1,147,188	305,239	1,452,427	1,732,534
Cumulative-effect adjustment for sale-leaseback	---	---	---	1,292,665
Net assets, end of year	\$ (190,265)	\$ 238,707	\$ 48,442	\$ 1,452,427

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

SKYLIGHT MUSIC THEATRE CORP.

Milwaukee, Wisconsin

Statement of Functional Expenses
 For the Year Ended June 30, 2024
 (With Summarized Totals for the Year Ended June 30, 2023)

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2024</u> <u>Total</u>	<u>2023</u> <u>Total</u>
Expenses					
Salaries and wages	\$ 1,409,878	\$ 230,163	\$ 94,873	\$ 1,734,914	\$ 2,127,540
Employee benefits	72,249	20,774	3,864	96,887	132,601
Payroll taxes	113,732	18,898	8,101	140,731	152,282
Professional fees	155,125	45,113	---	200,238	204,873
Supplies	4,264	10,644	---	14,908	15,325
Telephone	325	53	22	400	2,934
Postage	13	17,467	---	17,480	21,389
Warehouse Rent	77,833	---	---	77,833	77,124
Occupancy	60,954	9,951	4,102	75,007	101,056
Production materials	278,520	---	---	278,520	198,054
Equipment rental & maintenance	5,305	---	---	5,305	9,094
Depreciation and amortization	61,859	---	---	61,859	68,268
Royalties	105,427	---	---	105,427	146,436
Housing	92,470	---	---	92,470	75,752
Travel	27,300	---	---	27,300	24,756
Interest	---	28,097	---	28,097	---
Insurance	53,713	8,769	3,614	66,096	66,217
Membership dues	559	449	---	1,008	14,388
Staff development	---	---	207	207	302
Bar expenses	303	---	---	303	4,680
Advertising	103,096	---	---	103,096	175,133
Repairs & maintenance	9,736	3,555	---	13,291	14,607
Lease expense	517,442	---	---	517,442	518,853
Credit card fees	68,090	---	1,579	69,669	60,331
Information technology	36,586	33,123	---	69,709	84,252
Workshops	6,500	---	---	6,500	554
Special Events	---	---	4,699	4,699	83,984
Other expenses	46,195	15,063	15,458	76,716	124,050
Totals functional expenses	3,307,474	442,119	136,519	3,886,112	4,504,835
Less: special events included on statements of activities	---	---	(4,699)	(4,699)	(83,984)
Expenses on statement of activities	\$ 3,307,474	\$ 442,119	\$ 131,820	\$ 3,881,413	\$ 4,420,851

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

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,403,985)	\$ (1,572,772)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	61,859	68,268
Net realized and unrealized gain on investments	(495)	(60,221)
Change in assets and liabilities:		
Accounts receivable	(15,261)	(3,720)
Employee retention credit	---	89,226
Contributions and grants receivable	90,399	54,096
Prepaid expenses	73,982	23,117
Other assets	(1,011)	---
Accounts payable	133,003	50,694
Accrued payroll and tax liabilities	(5,413)	4,625
Deferred revenue	78,079	(20,835)
Lease liability	---	(20,245)
Other liabilities	1,788	1,816
Operating lease assets and liabilities	52,787	86,705
Net cash and equivalents provided (used) by operating activities	(934,268)	(1,299,246)
Cash Flows From Investing Activities:		
Purchase of investments	(48,354)	(2,774,871)
Proceeds from sale of investments	888,741	3,718,166
Purchase of fixed assets	(15,146)	(12,822)
Net cash and equivalents provided (used) by investing activities	825,241	930,473
Cash Flows From Financing Activities:		
Payments on lease liabilities	(5,271)	(5,121)
Net cash used by financing activities	(5,271)	(5,121)
Change in cash and equivalents	(114,298)	(373,894)
Cash and equivalents at beginning of year	267,069	640,963
Cash and equivalents at end of year	\$ 152,771	\$ 267,069
Supplemental Cash Flow Information:		
Cash paid for amount included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 464,104	\$ 430,187
Operating cash flows from finance leases	564	648
Financing cash flows from finance leases	5,258	5,174
Right-of-use assets obtained in exchange for lease liabilities		
Finances leases	---	27,144

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

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies

Nature of Activities

Skylight Music Theatre Corp. (“Organization”) is a not-for-profit corporation organized under the laws of the State of Wisconsin. The mission of the Organization is to bring the full spectrum of musical theatre works to a wide and diverse audience in celebration of the musical and theatrical arts and their reflection of the human condition. The Organization provides two major services, musicals, and educational programming.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization’s changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board has designated, from net assets without donor restrictions, net assets for board designation.

Net Assets 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 may be perpetual in nature, where the donor stipulates that 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. The organization has no restrictions that are perpetual in nature.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from exchange transactions satisfied at a point in time consists of the following:

Performance ticket income and program service fees– recognized as performance obligations are met

Revenue from non-exchange transactions consist of the following:

Contributions of cash, grants, and pledges receivable - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, 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. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue.

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

Special event revenue – The direct benefit to donors is recognized as revenue as an exchange transaction, while the remaining is recognized as a non-exchange contribution.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated across the programs and supporting services benefited.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Accounts, Contributions, and Grants Receivable

Accounts receivable are stated at unpaid balances net of management's estimate for allowance for credit losses based on historical collection experience and a review of the current status of accounts receivable. Management believes all amounts will be collected and therefore has not recorded an allowance. Accounts receivable were \$250,699 on June 30, 2022.

Inventories

The Organization purchases building materials for set production. Inventories are recorded at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$61,859 for the year ended June 30, 2024. The Organization capitalizes all property and equipment over \$1,000.

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds - Valued at the closing price reported on the active market on which the individual securities are traded.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Realized gains and losses and unrealized appreciation and depreciation of assets are reported in the statement of activities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Advertising Costs

The Organization uses advertising to promote its programs among audiences it serves. Advertising costs are expensed in the fiscal year in which the revenue is recognized. Advertising expense for the year ended June 30, 2024 was \$103,096. Prepaid advertising as of June 30, 2024 was \$7,730.

Income Taxes

The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of the Organization evaluates the uncertain tax positions taken, if any. The Organization recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. Management does not believe there are any uncertain tax positions.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for charitable contribution deductions. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

2. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements, if any, would be invested in short-term investments. The table below presents financial assets available for general expenditures within one year:

	<u>June 30, 2024</u>
Financial assets:	
Cash	\$ 152,771
Accounts receivable	85,464
Contributions and grants receivable, net	165,170
Total financial assets	\$ 403,405
Less amounts not available to be used within one year for general expenditures:	
Net assets with donor restrictions	(238,707)
Financial assets available to meet general expenditures within one year	\$ 164,698

The Organization's Board had designated amounts otherwise without donor restrictions. These board designated funds can be made available to meet operating needs if necessary.

3. Contribution and Grants Receivable

Contributions and Grants receivable consist of the following as of June 30, 2024:

<u>Source</u>	<u>Amount</u>
United Performing Arts Fund	\$ 79,447
Individuals and trusts	85,723
Total	\$ 165,170

Contributions and Grants receivable are due as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2025	\$ 165,170
Total	\$ 165,170

SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

4. Property and Equipment

Property and Equipment consist of the following as of June 30, 2024:

<u>Source</u>	<u>Amount</u>
Computer and electronics	\$ 229,613
Equipment	369,841
Building equipment	17,530
Bar furniture	20,175
Musical instruments	46,126
Rental props	31,786
Vehicles	<u>27,578</u>
Total property and equipment	742,649
Less: accumulated depreciation	<u>(635,721)</u>
Net property and equipment	\$ <u>106,928</u>

5. Investments

Investments as of June 30, 2024, consist of pooled funds as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Money market	\$ 88	\$ 88	---
Corporate bond funds	303,341	303,341	---
Total	\$ <u>303,429</u>	\$ <u>303,429</u>	---

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of June 30, 2024:

<u>Description</u>	<u>Fair Value Measurement at Reporting Date Using</u>			<u>Total Assets at Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market	\$ 88	\$ ---	\$ ---	\$ 88
Corporate bond funds	303,341	---	---	303,341
Total	\$ <u>303,429</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>303,429</u>

6. Board Designated Net Assets

As of June 30, 2024, the Board of Directors has designated net assets without donor restrictions for the following purposes:

General reserve fund	\$ <u> ---</u>
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SKYLIGHT MUSIC THEATRE CORP.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2024
(Continued)

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are set aside in accordance with donor restrictions as to time or purpose. Net assets with donor restrictions are restricted for the following purposes at June 30, 2024:

Specific Purpose:	
Show sponsorships	\$ 63,670
Capital needs	4,866
Education	5,000
Promises to give restricted by donors for:	
Show Sponsorship	10,015
Total specified purpose	<u>83,551</u>
Time restrictions:	
Promises to give not restricted by donors for:	
UPAF (summer allocation)	79,447
Operating	75,708
Total time restrictions	<u>155,155</u>
Total net assets with donor restrictions	<u>\$ 238,706</u>

Net assets were released from restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of other events specified by donors. Net assets released from restrictions as of June 30, 2024 are as follows:

Expiration of time restrictions:	
UPAF (summer allocation)	\$ 79,542
Operating	89,589
Total expirations of time restrictions	<u>169,131</u>
Satisfactions of purpose restrictions:	
Capital needs	3,849
Total satisfactions of purpose restrictions	<u>3,849</u>
Total net assets released from restriction	<u>\$ 172,980</u>

The United Performing Arts Fund (UPAF) provides support to the Organization each year. A portion of the contribution is pledged during the prior fiscal year and recorded as temporarily restricted revenue due to time restriction. UPAF revenue for the year ended June 30, 2024 is as follows:

UPAF Summer Allocation	
(Restricted as of June 30, 2023, released on July 01, 2023)	\$ 79,542
Additional Contributions made during the year	327,451
UPAF Contributions, for fiscal year ended June 30, 2024	<u>\$ 406,993</u>
UPAF Summer Allocation	
(Restricted as of June 30, 2024, released on July 01, 2024)	<u>\$ 79,447</u>

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8. Deferred Revenue – Ticket Sales

The Organization defers recognition of advance ticket sales until the first quarter of the subsequent season, at which time the sales are credited to revenue. Deferred revenue at June 30, 2022, was \$314,986

9. Special Events

Special event activities are reported by their natural classification in the statements of activities. Gross special event revenues and expenses are as follows for the year ended June 30, 2024:

	<u>2024</u>
Revenue:	
Non-exchange contributions	\$ 18,267
Exchange direct benefit to donor	---
Total revenue	<u>18,267</u>
Expenses:	
Direct benefit to donors	---
Incidental benefits	4,699
Total expense	<u>4,699</u>
Special events, net	<u>\$ 13,568</u>

10. Lease Commitments

The Organization leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2028 and provide for renewal options ranging from one year to eight years. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Our operating lease provides for increases in future minimum annual rental payments.

The weighted-average discount rate is based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the building and office equipment classes of assets.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted Average Remaining Lease Term	
Operating leases	3.67 years
Finance leases	3.0 years
Weighted Average Discount Rate	
Operating leases	2.88%
Finance leases	2.88%

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(Continued)

10. Lease Commitments (Continued)

The maturities of lease liabilities as of June 30, 2024 were as follows:

	<u>Operating</u>	<u>Finance</u>
Year ending June 30,		
2025	500,701	5,822
2026	540,189	5,821
2027	582,797	5,821
2028	410,718	---
Total lease payments	2,034,405	17,464
Less: Interest	(110,512)	(712)
Present value of lease liabilities	\$ 1,923,893	\$ 16,752

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2024:

Operating lease costs:	
Office space	\$ 314,058
Postage meter	852
Theatre space	201,982
Total operating lease cost	\$ 516,892
Finance lease costs:	
Amortization of right-of-use assets (copier)	\$ 5,429
Interest on lease liabilities included in interest expense	551
Total finance lease costs	\$ 5,980

11. Contributed Nonfinancial Assets

Contributed nonfinancial assets of non-cash supplies and services are recorded as revenue and expenses at their fair value. Contributed services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or as additions to property and equipment. The statement of activities includes the following contributed nonfinancial assets recognized by category for the year ended June 30, 2024:

<u>Type</u>	<u>Amounts Recognized</u>	<u>Utilization in Program/Activities</u>	<u>Classification on Statement of Activities</u>
Investment Advisor Fees	17,390	Administrative	Contributed nonfinancial assets
Total revenue	\$ 17,390		

There were no donor restrictions on any of the contributed nonfinancial assets received for the years ended June 30, 2024.

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(Continued)

12. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (August 26, 2025). There were no additional subsequent events requiring recording or disclosure in the financial statements or related notes to the financial statements.

13. Going Concern Uncertainty

As indicated in the accompanying financial statements, the Organization has experienced recurring decreases in net assets, including a deficit in the current year. The Organization has also seen a significant decline in revenues across several key areas, including ticket sales, United Performing Arts Fund (UPAF) contributions, and other program-related income. In addition, the Organization has substantially depleted its investment reserves, limiting its financial flexibility. These conditions raise substantial doubt about the Organization's ability to continue as a going concern for the year following the date the financial statements are available to be issued. In response to these challenges, the Organization's Board and management have developed a strategic transformation plan aimed at improving financial stability and long-term sustainability. As outlined in the 2025–2026 Transformation Plan, key elements of the Organization's recovery strategy include stabilizing and growing sales and donation revenue to exceed the operating budget (targeting approximately \$3.6 million annually), securing long-term facility access through the potential acquisition of the theatre complex, and establishing a \$5 million endowment fund by the end of the FY26–27 season. The plan also emphasizes programmatic alignment with mission-focused productions, strategic partnerships, and enhanced fundraising efforts. The Organization's ability to continue as a going concern is dependent upon the successful implementation of this plan, including meeting revenue and fundraising goals and securing necessary financing. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.