Chicago Theatre Group, Inc.

Financial Report

August 31, 2024

Contents

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Independent Auditor's Report

To the Board of Trustees
Chicago Theatre Group, Inc.

Opinion

We have audited the financial statements of Chicago Theatre Group, Inc. (the "Theatre"), which comprise the statements of financial position as of August 31, 2024 and 2023 and the related statement of activities, schedule of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Theatre as of August 31, 2024 and 2023 and the changes in its net assets, functional expenses, and 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Theatre and to meet our 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 the Theatre's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS 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.

To the Board of Trustees
Chicago Theatre Group, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 the Theatre'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 the Theatre'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Report on Summarized Comparative Information

We have previously audited Chicago Theatre Group, Inc.'s 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 years ended August 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

December 18, 2024

CHICAGO THEATRE GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

August 31, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	$ 293,172	$ 310,991
Grants, pledges and other receivables (net of allowance for uncollectible pledges of $32,178 and $57,866 in 2024 and 2023, respectively)	2,967,457	1,438,882
Prepaid expenses and deposits	989,421	1,334,481
Total Current Assets	4,250,050	3,084,354
Noncurrent Investments	23,075,763	24,470,636
Property and Equipment		
Building	47,651,595	47,651,595
Equipment	14,620,311	14,378,775
Leasehold improvements	5,517,733	5,517,733
Total	67,789,639	67,548,103
Less accumulated depreciation and amortization	43,579,560	41,349,966
Net Property and Equipment	24,210,079	26,198,137
Other Assets		
Grants, pledges and other receivables (net of current portion and net of present value discount of $130,584 and $153,949 in 2024 and 2023, respectively)	2,808,208	3,159,051
Right of use asset - operating leases	721,435	1,092,775
Total Other Assets	3,529,643	4,251,826
TOTAL ASSETS	$ 55,065,535	$ 58,004,953

CHICAGO THEATRE GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

August 31, 2024 and 2023

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts payable and accrued expenses	$ 2,043,236	$ 1,605,345
Contract liabilities	3,341,728	3,233,240
Operating lease liability - current	499,673	435,409
Line of credit	3,750,000	1,100,000
Bonds and promissary note payable - due within one year	3,656,859	691,571
Total Current Liabilities	13,291,496	7,065,565
Long-term Liabilities		
Bonds and promissary note payable - long term, net of unamortized issuance cost	19,105,961	22,713,632
Operating lease liability - long term	408,586	908,260
Accrued expenses - long-term	330,000	-
Total Liabilities	33,136,043	30,687,457
Net (Deficit) Assets		
Without donor restriction		
Undesignated	(5,016,964)	20,417
Board designated	14,940,284	16,344,127
Total Unrestricted Net Assets	9,923,320	16,364,544
With donor restriction	12,006,172	10,952,952
Total Net Assets	21,929,492	27,317,496
TOTAL LIABILITIES AND NET ASSETS	$ 55,065,535	$ 58,004,953

CHICAGO THEATRE GROUP, INC.

STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024 (summarized information for the year ending August 31, 2023)

	Without Restriction					
	Annual Operations	Designated	Total	With Restriction	Total	2023
REVENUES						
Admissions						
Subscriptions	$ 2,559,821	$ -	$ 2,559,821	$ -	$ 2,559,821	$ 2,455,570
Individual and group ticket sales	9,809,592	-	9,809,592	-	9,809,592	8,571,688
Total admissions	12,369,413	-	12,369,413	-	12,369,413	11,027,258
Public support	10,109,378	1,552,852	11,662,230	2,862,280	14,524,510	14,322,496
Contributed nonfinancial assets	82,348	-	82,348	-	82,348	-
Net investment income, net of investment fees of $50,757	80,505	1,220,115	1,300,620	511,222	1,811,842	1,344,300
Concessions income, net of expenses of $556,362	405,354	-	405,354	-	405,354	312,773
Facilities, costume and scenery rentals	246,521	-	246,521	-	246,521	180,680
Royalty and tour income	68,919	-	68,919	-	68,919	34,759
Miscellaneous income	82,494	-	82,494	-	82,494	365,839
Total Revenues	23,444,932	2,772,967	26,217,899	3,373,502	29,591,401	27,588,105
Net Assets Released from Restrictions	1,404,032	701,250	2,105,282	(2,105,282)	-	-
Investments Designated for Operations	1,510,000	(1,295,000)	215,000	(215,000)	-	-
Total Revenues and Net Assets Released from Restrictions	26,358,964	2,179,217	28,538,181	1,053,220	29,591,401	27,588,105
EXPENSES						
Program Services						
Direct Expenses						
Artistic	7,610,718	1,709,655	9,320,373	-	9,320,373	7,693,061
Production	8,037,630	1,211,006	9,248,636	-	9,248,636	8,920,075
General artistic	1,621,461	-	1,621,461	-	1,621,461	1,590,188
Education	1,223,301	-	1,223,301	-	1,223,301	1,221,375
General production	1,440,356	-	1,440,356	-	1,440,356	1,329,227
Total Program Services	19,933,466	2,920,661	22,854,127	-	22,854,127	20,753,926
Supporting Services						
General and administrative	5,013,289	534,267	5,547,556	-	5,547,556	4,366,086
Advertising and subscription	4,031,495	-	4,031,495	-	4,031,495	3,290,918
Fundraising	2,418,095	128,132	2,546,227	-	2,546,227	2,465,194
Total Supporting Services	11,462,879	662,399	12,125,278	-	12,125,278	10,122,198
Total Expenses	31,396,345	3,583,060	34,979,405	-	34,979,405	30,876,124
CHANGE IN NET ASSETS	(5,037,381)	(1,403,843)	(6,441,224)	1,053,220	(5,388,004)	(3,288,019)
NET ASSETS - Beginning of Year	20,417	16,344,127	16,364,544	10,952,952	27,317,496	30,605,515
NET (DEFICIT) ASSETS - END OF YEAR	$ (5,016,964)	$ 14,940,284	$ 9,923,320	$ 12,006,172	$ 21,929,492	$ 27,317,496

See accompanying notes to financial statements.

CHICAGO THEATRE GROUP, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - ANNUAL OPERATIONS
For the Year Ended August 31, 2024 with Summarized Comparative Totals for the year ending August 31, 2023

	Program Services						Supporting Services							
	Direct Expenses													
	Artistic	Production	General Artistic	Education	General Production	Total Program Services	General and Administration	Advertising and Subscription	Fundraising	Total Supporting Expenses	Total 2024 Expenses		Total 2023 Expenses	
Salaries and wages	$ 3,257,702	$ 4,015,340	$ 1,063,077	$ 494,186	$ 1,118,339	$ 9,948,644	$ 2,584,102	$ 1,435,221	$ 1,019,445	$ 5,038,768	$ 14,987,412	42.8 %	$ 13,287,453	43.0 %
Payroll taxes employee benefits	1,095,625	743,618	140,343	70,513	173,192	2,223,291	401,949	199,588	155,342	$ 756,879	2,980,170	8.5	2,566,755	8.3
Advertising	-	-	-	-	-	-	-	1,880,276	-	$ 1,880,276	1,880,276	5.4	1,279,824	4.1
Royalties	465,220	-	-	-	-	465,220	-	-	-	$ -	465,220	1.3	439,033	1.4
Fees and expenses	1,069,700	37,279	350,090	451,316	-	1,908,385	1,027,259	-	2,672	$ 1,029,931	2,938,316	8.4	2,214,899	7.2
Costumes	-	598,177	-	-	-	598,177	-	-	38,989	$ 38,989	637,166	1.8	393,949	1.3
Electrical equipment	970	257,030	-	6,461	-	264,461	-	-	-	$ -	264,461	0.8	264,489	0.9
Props and scenery	13,914	1,711,976	-	-	-	1,725,890	-	-	-	$ -	1,725,890	4.9	1,858,968	6.0
Travel, housing and entertainment	820,204	20,387	40,012	70,166	3,353	954,122	95,280	12,325	17,838	$ 125,443	1,079,565	3.1	1,050,666	3.4
Health and Safety	2,773	1,273		300		4,346	562		112	$ 674	5,020	0.0	85,202	
Insurance	27,084	45,592	-	5,417	-	78,093	105,383	-	2,031	$ 107,414	185,507	0.5	167,283	0.5
Repairs and maintenance	150,418	193,421	-	27,634	6,511	377,984	56,193	-	10,363	$ 66,556	444,540	1.3	466,908	1.5
Supplies and non-depreciable equipment	229,649	49,032	22,354	27,139	51,138	379,312	267,392	314,798	93,276	$ 675,466	1,054,778	3.0	895,638	2.9
Postage	-	-	-	-	-	-	8,534	182,024	17,798	$ 208,356	208,356	0.6	191,564	0.6
Rental	249,956	76,109	-	17,908	-	343,973	33,577	-	6,715	$ 40,292	384,265	1.1	269,138	0.9
Depreciation and amortization	996,968	723,787	5,585	7,400	68,895	1,802,635	352,365	7,263	67,330	$ 426,958	2,229,593	6.4	2,281,251	7.4
Phone campaign	-	-	-	-	-	-	-	-	126,927	$ 126,927	126,927	0.4	127,942	0.4
Benefit and other event expense	-	-	-	-	-	-	-	-	755,553	$ 755,553	755,553	2.2	710,723	2.3
Utilities	165,049	222,045	-	30,516	-	417,610	57,218	-	11,444	$ 68,662	486,272	1.4	346,271	1.1
Security	-	-	-	-	-	-	286,715	-	-	$ 286,715	286,715	0.8	265,760	0.9
Interest	743,293	526,499				1,269,792	437,578		46,456	$ 484,034	1,753,826	5.0	1,445,125	4.7
Miscellaneous	31,848	27,071	-	14,345	18,928	92,192	(166,551)	-	173,936	$ 7,385	99,577	0.3	267,283	0.9
Total	$ 9,320,373	$ 9,248,636	$ 1,621,461	$ 1,223,301	$ 1,440,356	$ 22,854,127	$ 5,547,556	$ 4,031,495	$ 2,546,227	$ 12,125,278	$ 34,979,405	100.0 %	$ 30,876,124	100.0 %

CHICAGO THEATRE GROUP, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ (5,388,004)	$ (3,288,019)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	2,229,593	2,281,250
Amortization of bond issuance cost	49,189	73,782
Unrealized loss (gain) on investments	377,321	(379,244)
Realized gain on investments	(1,476,785)	(263,085)
Noncash lease expense	(64,070)	250,894
Change in noncash assets and liabilities		
Grants, pledges and other receivables	(1,177,732)	418,297
Prepaid expenses and deposits	345,060	(92,188)
Accounts payable and accrued expenses	767,891	235,696
Contract Liabilities	108,488	(76,725)
Net Cash Flows used in Operating Activities	(4,229,049)	(839,342)
Cash Flows From Investing Activities		
Sales of investments	74,672,965	9,865,636
Purchases of investments	(72,178,630)	(9,303,886)
Purchases of equipment and leasehold improvements	(241,535)	(280,541)
Net Cash Flows from Investing Activities	2,252,800	281,209
Cash Flows From Financing Activities		
Payments on line of credit	(1,275,000)	-
Borrowings under line of credit	3,925,000	1,100,000
Principal payments on bonds payable	(691,570)	(661,568)
Net Cash Flows from Financing Activities	1,958,430	438,432
Net Decrease in Cash and Cash Equivalents	(17,819)	(119,701)
Cash and Cash Equivalents - Beginning of Year	310,991	430,692
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 293,172	$ 310,991
Supplemental Disclosure		
Cash paid for interest	$ 1,704,637	$ 1,445,125

See accompanying notes to financial statements.

Note 1 - Nature of Business

Chicago Theatre Group, Inc. (the "Theatre") operates as the Goodman Theatre, an Illinois not-for-profit corporation established for the purpose of promoting interest in the theatre arts in Chicago. The Theatre's annual activities include the production of five main-stage series plays, a special holiday production, three second-stage series plays and other second-stage presentations, and educational and community engagement programs. The Theatre is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Theatre have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Revenue and expenses are reported on the accrual basis. 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 GAAP. Accordingly, such information should be read in conjunction with the Theatre's financial statements for the year ended August 31, 2023, from which the summarized information was derived.

Classification of Net Assets

Net assets of the Theatre are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category are further segregated into annual operations and designated. Annual operations represent the undesignated operating activity of the Theatre.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Theatre or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity and the investment income on the principal be used for the specified purposes outlined by the donor.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Theatre considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Theatre maintains cash balances at various financial institutions that at times may exceed federally insured limits. The Theatre has not experienced losses in such accounts.

Public Support and Related Receivables

Contributions, including cash and noncash assets, as well as reasonably collectible unconditional promises to give, are recognized in the year received.

Conditional promises to give, which depend on the occurrence of specified future and uncertain events to bind the promise, are recognized when the conditions on which they depend are substantially met.

When donor restrictions expire (i.e., when a stipulated time restriction ends or other restriction is met), the Theatre reports the change from net assets with donor restrictions to net assets without donor restrictions as net assets released from restrictions in the statement of activities.

Note 2 - Significant Accounting Policies (Continued)

The Theatre analyzes all uncollected pledges as of year end and determines allowances as appropriate. The Theatre has an allowance of $32,178 and $57,866 as of August 31, 2024 and 2023, respectively.

Investments

Investments are reported at fair value. Changes in fair value during the year are recorded as realized and unrealized gains or losses in the statement of activities. Investments are exposed to various risks, such as interest rate, market, and credit risks. It is at least reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect amounts reported.

Leases

The Theatre has operating leases for purposes disclosed in Note 8. The Theatre recognizes expense for operating leases on a straight-line basis over the lease term. The Theatre made a policy election not to separate lease and nonlease components for its operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. The Theatre elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

Property and Equipment

Property and equipment are recorded at cost, and the straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The building is being depreciated using the straight-line method over an estimated useful life of 40 years. Capitalized interest costs associated with the New Goodman Theatre Project are included in the cost of the building and are being depreciated over the estimated useful life of the building. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or 10 years. Equipment with a cost in excess of $600 are capitalized at cost. Costs of maintenance and repairs are charged to expense when incurred.

Depreciation expense for property and equipment totaled $2,229,593 and $2,281,251 for the years ended August 31, 2024 and 2023, respectively.

Contract Liabilities

Contract liabilities consist of amounts received by the Theatre that are intended for and will be recognized as revenue in future periods, including payments for subscriptions, admissions, and events.

Revenue Recognition for Contracts with Customers - Admissions

The Theatre sells tickets to patrons for a production performance with a specified date and time. The Theatre recognizes revenue as the performance obligation is met, which occurs when patrons present tickets for entry. The transaction price is calculated as the amount of consideration to which the Theatre expects to be entitled (price of the subscription or ticket set in advance). Payment is received at the point of sale. All payments are generally nonrefundable. During the uncertainty of current times, the Theatre allows for credits or refunds. In some situations, the Theatre bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Theatre recognizing contract liabilities. Total contract liabilities were $3,309,967 as of September 1, 2022.

Contributed Nonfinancial Assets

Certain donated goods and services are recognized as support in the statement of activities. The values of these goods and services are determined based on estimated fair values. See Note 9 for the categorization and valuation techniques applied to all donated goods and services.

Note 2 - Significant Accounting Policies (Continued)

Advertising Costs

Direct-response advertising costs are capitalized and amortized on the basis of the straight-line method over the subscription period. Capitalized direct-response advertising costs were $33,871 and $64,614 as of August 31, 2024 and 2023, respectively, and are presented as prepaid expenses and deposits on the statements of financial position. All other advertising and marketing expenses are charged to income during the year in which they are incurred. Advertising expense for the years ended August 31, 2024 and 2023 was $1,880,276 and $1,279,824, respectively.

Impairment or Disposal of Long-lived Assets

The Theatre reviews the recoverability of long-lived assets, including buildings, equipment, internal-use software, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. There were no impairment losses recorded in 2024 or 2023.

Use of Estimates

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

Functional Allocation of Expenses

Costs of providing the program and supporting services have been reported on a functional basis in the schedule of functional expenses. Costs are charged to program services and supporting services on an actual basis when available. Accordingly, certain costs have been allocated among the program and supporting services on bases and estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Facility expenses (including salaries, occupancy, supplies, and utilities), building depreciation, and debt service expenses of $5,614,785 and $5,488,582 for 2024 and 2023, respectively, are allocated based on square footage as follows:

Artistic	40.00 %
Production	34.00
Education	8.00
Development	3.00
General and administrative	15.00
Total	100.00 %

Income Tax Status

The Internal Revenue Service has determined that the Theatre is exempt from federal income tax under Section 503(c)(3) of the Internal Revenue Code. It is also exempt from state income tax; however, any unrelated business income may be subject to taxation.

Note 2 - Significant Accounting Policies (Continued)

The Theatre follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Theatre for uncertain tax positions as of August 31, 2024 and 2023.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 18, 2024, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

Fair Value Hierarchy

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Theatre has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In many cases, a valuation technique used to measure fair value included inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Investments using net asset value (NAV) per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as NAV in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the statements of financial position. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

Valuation Techniques and Inputs

Level 1 assets include investments in fixed-income, equity, and real estate funds that are based on quoted market prices. There have been no changes in the techniques and inputs used as of August 31, 2024 and 2023.

While the Theatre 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 estimate of fair value at the reporting date.

The following are descriptions of the valuation methods and assumptions used by the Theatre to estimate the fair values of investments:

Fixed-income Funds

The fair value of fixed-income funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

Note 3 - Fair Value Measurements (Continued)

Equity Funds

The fair value of readily marketable equities, including domestic stocks, international stocks, and equity funds, is determined by obtaining quoted prices on nationally recognized securities exchanges.

Real Estate Funds

The fair value of real estate funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

Alternative Investments

The Theatre's investment in alternative investments consists of two hedge fund portfolios. One fund, with an approximate fair value of $686,000 and $808,000 as of August 31, 2024 and 2023, respectively, is an umbrella type investment company that is structured as an umbrella fund with segregated liability between subfunds, which engage in a variety of investment strategies. The Theatre may redeem all or a part of its participating shares from the fund quarterly, upon 30 days' advance written notice. The second fund, with an approximate fair value of $468,000 and $843,000 as of August 31, 2024 and 2023, respectively, is a limited partnership fund, which invests in and sells short securities and instruments.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of investments in short-term, interest-bearing instruments and are carried at cost plus accrued interest, which approximates fair value.

The following tables present information about the Theatre’s assets measured at fair value on a recurring basis at August 31, 2024 and 2023:

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2024				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Fixed-income funds -					
U.S. fixed-income	$ 6,597,665	$ -	$ -	$ -	$ 6,597,665
Equity funds:					
U.S. equity	9,948,748	-	-	-	9,948,748
Non-U.S. equity	3,521,908	-	-	-	3,521,908
Real estate funds:					
U.S. real estate	364,754	-	-	-	364,754
Non-U.S. real estate	88,309	-	-	-	88,309
Alternative investments	-	-	-	1,154,616	1,154,616
Total assets	$ 20,521,384	$ -	$ -	$ 1,154,616	$ 21,676,000

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2023				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Fixed-income funds:					
U.S. fixed income	$ 6,298,243	$ -	$ -	$ -	$ 6,298,243
Non-U.S. fixed income	1,627,777	-	-	-	1,627,777
Equity funds:					
U.S. equity funds	9,435,804	-	-	-	9,435,804
Non-U.S. equity funds	4,733,431	-	-	-	4,733,431
Alternative investments	-	-	-	1,650,787	1,650,787
Total	$ 22,095,255	$ -	$ -	$ 1,650,787	$ 23,746,042

Note 3 - Fair Value Measurements (Continued)

Not included in the tables above are cash and cash equivalents held with investment managers of $1,399,763 and $724,594 as of August 31, 2024 and 2023, respectively.

Note 4 - Grants, Pledges, and Other Receivables

Grants, pledges, and other receivables, net of allowance for uncollectible amounts, at August 31 consist of the following:

	2024	2023
Grants and pledges:		
Goodman Centennial Campaign	$ 3,663,848	$ 2,629,993
Individuals	1,126,395	459,868
Government	40,000	54,000
Foundations	870,000	1,293,000
Corporations	72,500	211,440
Gross grants and pledges	5,772,743	4,648,301
Less unamortized discount	(130,084)	(153,949)
Less allowance for uncollectible pledges	(32,178)	(57,866)
Other receivables	165,184	161,447
Total receivables	5,775,665	4,597,933
Less current portion	(2,967,457)	(1,438,882)
Noncurrent portion	$ 2,808,208	$ 3,159,051

The current portion of the above is due in less than one year. The noncurrent portion is all due within one to five years.

Goodman's Centennial Campaign was established in 2019 to build a legacy for the Theatre. Initially, during the silent phase, gifts were collected and restricted by donor. During the current fiscal year, efforts started again postpandemic to support 11 core areas. The gifts are recorded with and without donor restrictions based on donor intent (see Note 10).

Pledges receivable have been discounted using rates ranging from 3.71 percent to 4.38 percent. Amortization of the discount is reported as public support in the statement of activities. Contributions receivable from related parties, which represent donations made by board members, were $2,565,196 and $1,392,662 at August 31, 2024 and 2023, respectively.

Note 5 - Net Investment Income

The components of investment income and gains (losses) on investments for the years ended August 31, 2024 and 2023 are as follows:

	2024	2023
Interest and dividends	$ 712,378	$ 701,970
Realized gains	1,476,785	263,086
Unrealized (losses) gains	(377,321)	379,244
Total	$ 1,811,842	$ 1,344,300

Note 5 - Net Investment Income (Continued)

The statement of activities reflects a distribution of investment earnings from designated investments to annual operations of $1,295,000 and $1,000,000 for 2024 and 2023, respectively. For fiscal years 2024 and 2023, the distribution represents 6.2 percent and 4.7 percent, respectively, of a three-year rolling average of the investment market value.

Additionally, the statement of activities reflects a distribution from donor-imposed restricted investments for the purpose of specific program activities. The distribution is approved at 4 percent of a three-year rolling average of the investment market value. For the years ended August 31, 2024 and 2023, the distributions are $215,000 and $200,000, respectively.

The Chicago Community Trust (CCT) holds investments valued at approximately $2,205,000 and $2,000,000 at August 31, 2024 and 2023, respectively, in a designated endowment fund, of which the Theatre is named beneficiary of the income. CCT distributed $79,705 and $76,837 during the years ended August 31, 2024 and 2023, respectively. The Theatre has not reflected an asset for a beneficial interest on its statements of financial position because this is a designated trust for which the CCT has variance power to redirect the benefits.

Note 6 - Bond/Mortgage Payable

Long-term debt at August 31 is as follows:

	2024	2023
Series 2015: $22,471,874 direct bond purchase agreement. The variable-rate revenue bonds held by Illinois Finance Authority were issued to refund and retire existing bonds originally issued in 1999 to build a new theatre facility. The new bonds carry a 24-year term, due on October 1, 2043, with escalating principal payments due on October 1 of each year plus interest. The interest rate is variable equal to the sum of 79 percent of the one-month London Interbank Offered Rate (LIBOR) plus the initial applicable spread. As of March 2023, the Theatre transitioned from LIBOR to the Bloomberg Short-Term Bank Yield Index Rate (BSBY). The interest rate at August 31, 2024 and 2023 was 5.77 percent and 6.58 percent, respectively	$ 19,733,000	$ 20,332,865
Promissory note: The original note in the amount of $3,450,000 retires the original line of credit used to build out the new Goodman Center for Education and Engagement. The facility carries a 5-year term, due on December 31, 2024, with escalating payments due on October 1 of each year plus interest stated at LIBOR plus 1.60 percent. As of March 2023, the Theatre transitioned from LIBOR to BSBY. The interest rate at August 31, 2024 and 2023 was 7.44 percent and 6.97 percent, respectively. The term loan is collateralized by the Goodman Center for Education and Engagement. Subsequent to year end, the Theatre extended the maturity date through May 31, 2024	3,029,820	3,121,526
Unamortized debt issuance costs	-	(49,188)
Less current portion	3,656,859	691,571
Long-term portion	$ 19,105,961	$ 22,713,632

Debt issuance costs of $368,916 were fully amortized in 2024. Debt issuance costs of $368,916 less $319,728 of accumulated amortization in 2023 are shown net with outstanding issued debt. Management is amortizing cost over the 5-year term of the promissory note.

Note 6 - Bond/Mortgage Payable (Continued)

The agreements contain four financial covenants: an unrestricted liquid assets to debt ratio of no less than 0.50 to 1.00, a maximum annual operation deficit not to exceed $(625,000) (except for a maximum annual operation deficit of ($1,500,000) as of August 31, 2024), annual unfunded capital expenditures less than or equal to $500,000, and no additional debt less than or equal to $250,000 without prior consent. For the year ended August 31, 2024, all covenants were met except for the maximum operation deficit, which exceeded by approximately $2,000,000 due to a reduction in annual public support and an increase in overall operating expenses. The bank issued a waiver for the maximum operation deficit at August 31, 2024.

Future maturities of the bond and promissory note payable under the current payment schedules are as follows:

Years Ending	Amount
2025	$ 3,656,859
2026	655,443
2027	685,135
2028	716,171
2029	748,612
Thereafter	16,300,600
Total	$ 22,762,820

Note 7 - Line of Credit

Under a line of credit agreement with a bank, the Theatre has available borrowings of $4,000,000. Interest is payable monthly at a rate of 2.5 percent above BSBY. The line of credit is collateralized by the investment account. The line of credit expires on May 31, 2025. Management intends to renew the agreement upon expiration. As of August 31, 2024 and 2023, the outstanding balance on the line was $3,750,000 and $1,100,000, respectively. Interest expense incurred on the line of credit during 2024 and 2023 totaled $205,299 and $47,427, respectively.

Note 8 - Leases

The Theatre is obligated under operating leases primarily for performance and event space and the Goodman Center for Education and Engagement, expiring at various dates through January 2027. The right-of-use asset and related lease liability have been calculated using a discount rate of 3.5 percent.

The Theatre made a policy election not to separate lease and nonlease components for its operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Note 8 - Leases (Continued)

Future minimum lease payments under these operating leases are as follows:

Years Ending August 31	Amount
2025	$ 507,762
2026	339,631
2027	94,640
Total	942,033
Less amount representing interest	33,774
Present value of net minimum lease payments	$ 908,259

Expenses recognized under the leases for the years ended August 31, 2024 and 2023 consist of the following:

	2024	2023
Operating lease cost	$ 384,265	$ 269,138
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 474,317	$ 58,041
Weighted-average remaining operating lease terms (years)	2.0	3.6
Weighted-average discount rate - Operating leases	3.5 %	3.5 %

Note 9 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities consisted of the following for the year ended August 31, 2024:

Video recordings	$ 38,785
Legal services	19,860
General office equipment	23,250
Concessions	453
Total	$ 82,348

There were no contributed nonfinancial assets received for the year ended August 31, 2023.

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed video recordings are used for the creation of various advertings for the Theatre's operations. Contributed general office equipment are used by various members of staff for general operations. Contributed legal services are provided to the Theatre for general and administrative support services. Contributed concessions are products donated to the Theatre for sale to patrons during productions that ran during the year ended August 31, 2024.

The Theatre estimated the fair value for contributed video recordings and legal services based on the current rates for similar services if provided in a nondonation transaction. Contributed video recordings and legal services are expensed at the time the services are provided and recognized as advertising and fees and expenses, respectively, on the schedule of functional expenses.

Note 9 - Contriubted Nonfinancial Assets (Continued)

The Theatre estimated the fair value for contributed general office equipment and concessions based on stated prices used for the sale of these goods in a nondonation transaction. Contributed production equipment and concessions are expensed at the time the services are provided. Contributed general office equipment is recognized as supplies and nondepreciable equipment on the schedule of functional expenses. Contributed concessions are recognized net of related concessions income on the statement of activities.

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2024 and 2023 are as follows:

	2024	2023
Specific purpose - New works	$ 5,000,000	$ 5,000,000
Subject to expenditures for operations or passage of time:		
Fund 1	1,951,875	2,210,032
Fund 2	5,054,297	3,742,920
Total net assets with donor restrictions	$ 12,006,172	$ 10,952,952

The $5.0 million Davee Foundation fund is permanently restricted by the donor. The purpose of the grant is to provide support for and endow a fund for new works. Based on the agreement, income from the fund of no more than 4 percent is to be used to support the development and production of new works. The Theatre used $215,000 and $200,000 based on the grant outline for August 31, 2024 and 2023, respectively.

Fund 2 includes certain pledges from the Goodman Centennial Campaign (see Note 4) and earnings on the new works endowment, which are subject to board approval for expenditure. Fund 1 includes all other pledges and grants receivable (see Note 4).

Net assets released from donor restrictions are as follows:

	2024	2023
Pledges receivable	$ 2,105,282	$ 2,887,725
New works	215,000	200,000
Total	$ 2,320,282	$ 3,087,725

Note 11 - Liquidity and Availability of Resources

The following reflects the Theatre's financial assets as of August 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date:

	2024	2023
Financial Assets at Year End		
Cash and cash equivalents	$ 293,172	$ 310,991
Grants, pledges, and other receivables	5,775,665	4,597,933
Investments	23,075,763	24,470,636
Total financial assets	29,144,600	29,379,560
Less amounts not available to be used within one year:		
Donor time restricted - Grants, pledges, and other	(2,808,208)	(3,159,051)
Donor restricted	(5,000,000)	(5,000,000)
Board designated - Net of approximate spending policy withdrawal	(13,645,284)	(15,175,479)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,691,108	$ 6,045,030

The Theatre has a goal to maintain financial assets to meet annual general operating expenses, which are, on average, approximately $2.5 million to $3.0 million monthly depending on nature of programming activity, which varies each year.

The Theatre's board of trustees identified the investment account to be utilized to cover short-term and capital expenditures in negative cash flow periods. The funds are invested for long-term appreciation. This investment account is utilized to meet working capital needs while continuing to maximize ticket sales, in addition to outreach to donors, foundations, corporations, and boards of directors to meet needs. The reductions amounting to $13.6 million and $15.2 million noted as board designated for 2024 and 2023, respectively, are available for use at the discretion of the board.

The Theatre also realizes there could be unanticipated liquidity needs.

Note 12 - Donor-restricted and Board-designated Endowments

The Theatre's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Theatre is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Theatre had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Theatre considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund 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 Theatre has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Theatre considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Theatre and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Theatre
- The investment policies of the Theatre

Endowment net asset composition by type of fund and the changes in endowment net assets for the years ended August 31, 2024 and 2023 were as follows:

	Endowment Net Asset Composition by Type of Fund as of August 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 14,289,034	$ -	$ 14,289,034
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	5,000,000	5,000,000
Accumulated investment gains	-	2,135,132	2,135,132
Total donor-restricted endowment funds	-	7,135,132	7,135,132
Total	$ 14,289,034	$ 7,135,132	$ 21,424,166

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 16,344,127	$ 5,796,850	$ 22,140,977
Investment return:			
Investment income - Net	545,300	137,330	682,630
Net depreciation (realized and unrealized)	725,572	373,892	1,099,464
Total investment return	1,270,872	511,222	1,782,094
Contributions	235,982	1,055,298	1,291,280
Appropriation of endowment assets for expenditure:			
Allocation to annual fund	(1,295,000)	(215,000)	(1,510,000)
Spending on endowments	(2,266,947)	(13,238)	(2,280,185)
Endowment net assets - End of year	$ 14,289,034	$ 7,135,132	$ 21,424,166

	Endowment Net Asset Composition by Type of Fund as of August 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 16,344,127	$ -	$ 16,344,127
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	5,000,000	5,000,000
Accumulated investment gains	-	796,850	796,850
Total donor-restricted endowment funds	-	5,796,850	5,796,850
Total	$ 16,344,127	$ 5,796,850	$ 22,140,977

	Changes in Endowment Net Assets for the Fiscal Year Ended August 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 19,358,958	$ 5,089,827	$ 24,448,785
Investment return:			
Investment income - Net	533,086	137,669	670,755
Net depreciation (realized and unrealized)	368,896	273,434	642,330
Total investment return	901,982	411,103	1,313,085
Contributions	-	500,000	500,000
Appropriation of endowment assets for expenditure:			
Allocation to annual fund	(1,000,000)	(200,000)	(1,200,000)
Spending on endowments	(2,916,813)	(4,080)	(2,920,893)
Endowment net assets - End of year	$ 16,344,127	$ 5,796,850	$ 22,140,977

Underwater Endowment Funds

As of August 31, 2024 and 2023, there were no funds with deficiencies.

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

The investment committee of the board of trustees establishes policies and procedures concerning the management of the endowment funds that are approved by the board of trustees. These policies establish asset classes that are deemed suitable for investment of endowment funds, which currently include investment in domestic and international equities, fixed income, real estate funds, and alternative strategies. Endowment funds are managed on a total return basis, taking into consideration the need to maintain the purchasing power of the funds and the need to support the Theatre's mission. Risk and return expectations for the endowment funds are modeled using historical rates of return and volatility measures for various asset allocation scenarios. Investments are made in various asset classes based on policy requirements for a highly diversified portfolio in accordance with asset allocation guidelines.

Strategies Employed for Achieving Objectives

Actual allocations to an asset's class are compared to target allocations and rebalances as appropriate. The performance of endowment funds' investments is reported on a monthly basis and the annual real return objective is to earn, over time, a real, inflation-adjusted, annual rate of return that exceeds the Theatre's spending rate. The earnings or losses from the board-designated endowment assets are based on the board's designation. For the years ended August 31, 2024 and 2023, unrealized gains and losses from the board-designated funds are classified as net assets without donor restrictions. For the years ended August 31, 2024 and 2023, the unappropriated unrealized gains and losses from the donor-restricted endowment funds are classified as net assets with donor restrictions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Theatre's board has approved a spending policy that allows 4 percent to 6 percent of earnings on a three-year rolling average of the invested assets to support operations for both 2024 and 2023. The target spending for qualified distributions from the endowment in any calendar year should be up to 6 percent of the assets annually based on a rolling 12-quarter (three-year) average market value upon board approval. In 2024, the board has approved a one-time increase on the target spending for qualified distributions from the endowment in any calendar year to 7 percent of the assets annually. Actual spending rates were 6.2 percent and 4.7 percent for 2024 and 2023, respectively. Consistent with the donor-restricted endowment agreement, the Theatre has a policy of appropriating for distribution each year up to 4 percent of the assets annually based on a rolling 12-quarter (three-year) average market value upon board approval. These policies allow for the preservation of principal, competitive investment returns, and moderate investment risk.

Note 13 - Retirement Plans

The Theatre is a participant in union-sponsored, multiemployer defined benefit pension plans covering certain actors and stage managers, designers, musicians, and directors. Each plan requires contributions calculated as a percentage of gross wages of covered employees, at a weighted average of 10.54 percent of payroll for each year. Contributions to these plans totaled $293,164 and $245,233 for the years ended August 31, 2024 and 2023, respectively. The Theatre's contributions and pension benefits payable under the plans and the administration of the plans are determined by the terms of the related collective-bargaining agreements.

Note 13 - Retirement Plans (Continued)

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan may be used to provide benefits to all participating employees, including those employed by other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

As illustrated in the table below, the Theatre participated in the following multiemployer plans for the years ended August 31, 2024 and 2023. The EIN column provides the employee identification number (EIN), and the pension plan number column provides the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2023 and 2022 is for the plan's year end. Based on an actuary's certified information, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The FIP/RP status pending/implemented column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The sixth column lists the expiration date of the collective bargaining agreement.

			Pension Protection Act Certified Zone Status			Contributions Made by the Theatre	
Pension Fund	EIN/Pension Plan Number	FIP/RP Status Pending/ Implemented	2023	2022	Expiration Date of Collective Bargaining Agreement	2024	2023
Equity League	13-6696817	No	Green	Green	2/12/2027	$ 137,137	$ 114,519
American Federation of Musicians	51-6120204	Yes	Red	Red	8/31/2025	68,360	36,699
SAG/AFTRA	95-3967876	No	Green	Green	3/31/2025	-	1,003
United Scenic Artists	13-7982707	No	Green	Green	6/30/2028	65,232	53,658
IATSE Pink Contract	13-1849172		Green	Green	6/27/2027	-	19,533
SDC-League	13-6634482	No	Red	Red	4/14/2025	22,435	19,821
Total contributions made						$ 293,164	$ 245,233

Defined Contribution 401(k) Plan

During 1998, the board of trustees approved the creation of the Theatre's 401(k) plan (the "Plan"), a defined contribution plan. Employees voluntarily make contributions to the Plan in amounts based upon limits established by Sections 402(g) and 414(v) of the Internal Revenue Code. The Plan's assets are invested in certain self-directed income, money market, and equity funds.

There were no contributions approved to the 401(k) plan for the year ended August 31, 2024. The board of trustees approved a contribution to the 401(k) plan of $71,844 for the year ended August 31, 2023.