

# American Players Theatre of Wisconsin, Inc., and Subsidiaries

Spring Green, Wisconsin

Consolidated Financial Statements  
and Supplementary Information

Years Ended December 31, 2022 and 2021

 AMERICAN PLAYERS THEATRE



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# American Players Theatre of Wisconsin, Inc. and Subsidiaries

Years Ended December 31, 2022 and 2021

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## **Independent Auditor's Report**

Board Of Directors  
American Players Theatre of Wisconsin, Inc. and Subsidiaries  
Spring Green, Wisconsin

### ***Report on the Audit of the Consolidated Financial Statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of American Players Theatre of Wisconsin, Inc. and Subsidiaries, a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Players Theatre of Wisconsin, Inc. and Subsidiaries as of December 31, 2022 and 2021, and the changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Players Theatre of Wisconsin, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The consolidated financial statements of APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, APT Sunrise Apartments, LLC, and American Players Theatre Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Players Theatre of Wisconsin, Inc. and Subsidiaries's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Players Theatre of Wisconsin, Inc. and Subsidiaries'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Players Theatre of Wisconsin, Inc. and Subsidiaries'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.

## ***Other Matter***

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, the consolidating statement of financial position, and the consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all materiality respects in relation to the consolidated financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023 on our consideration of the American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the American Players Theatre of Wisconsin, Inc.'s internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

July 27, 2023

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

December 31, 2022 and 2021

<i>Assets</i>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,041,238	\$ 2,920,300
Cash restricted for future improvements	-	2,250,350
Promises to give, current portion	456,834	152,777
Accounts receivable	77,829	72,817
Prepaid expenses	249,957	206,498
Gift shop inventory	17,875	19,388
<b>Total current assets</b>	<b>2,843,733</b>	<b>5,622,130</b>
<b>Other assets:</b>		
Investments	14,173,571	15,875,198
Cash restricted for Actors' Equity Association	99,757	72,161
Beneficial interest in assets held by Kohler Foundation	312,187	359,134
Promises to give, net	2,388,777	527,204
<b>Total other assets</b>	<b>16,974,292</b>	<b>16,833,697</b>
Property and equipment	22,348,749	19,552,143
Less: Accumulated depreciation	(6,412,195)	(5,906,680)
<b>Property and equipment, net</b>	<b>15,936,554</b>	<b>13,645,463</b>
Leased assets	550,706	524,223
Less: Accumulated amortization	(151,403)	(74,058)
<b>Lease assets, net</b>	<b>399,303</b>	<b>450,165</b>
<b>TOTAL ASSETS</b>	<b>\$ 36,153,882</b>	<b>\$ 36,551,455</b>
<b><i>Liabilities and Net Assets</i></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 118,667	\$ 112,927
Other accrued expenses	57,869	42,863
Gift certificates	109,894	90,362
Refundable advances	208,171	1,116,101
Lease liabilities, current portion	81,607	76,193
Contract liabilities	96,434	306,881
<b>Total current liabilities</b>	<b>672,642</b>	<b>1,745,327</b>
<b>Long-term liabilities:</b>		
Lease liabilities, net	317,696	373,972
<b>Total liabilities</b>	<b>990,338</b>	<b>2,119,299</b>
<b>Net assets:</b>		
<b>Without donor restrictions</b>		
Undesignated	29,044,800	29,012,476
Board designated - Ken Albers memorial fund	23,573	29,317
Board designated reserve	2,127,662	1,217,544
<b>Total net assets without donor restrictions</b>	<b>31,196,035</b>	<b>30,259,337</b>
<b>With donor restrictions</b>	<b>3,967,509</b>	<b>4,172,819</b>
<b>Total net assets</b>	<b>35,163,544</b>	<b>34,432,156</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 36,153,882</b>	<b>\$ 36,551,455</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Activities

Years Ended December 31, 2022 and 2021

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Operating revenue:</b>			
Ticket sales	\$ 4,199,394	\$ -	\$ 4,199,394
Concession revenue	576,482	-	576,482
Education revenue	118,428	-	118,428
Investment income	269,488	14,459	283,947
Other	102,736	-	102,736
<b>Total operating revenue</b>	<b>5,266,528</b>	<b>14,459</b>	<b>5,280,987</b>
<b>Operating expenses:</b>			
Artistic and production	4,731,755	-	4,731,755
Marketing and patron services	1,315,171	-	1,315,171
General and administrative	1,683,117	-	1,683,117
Fundraising	266,359	-	266,359
Education	211,291	-	211,291
<b>Total operating expenses</b>	<b>8,207,693</b>	<b>-</b>	<b>8,207,693</b>
<b>Operating (loss) income</b>	<b>(2,941,165)</b>	<b>14,459</b>	<b>(2,926,706)</b>
<b>Support:</b>			
Contributions for operations	2,157,466	216,188	2,373,654
Contributions for capital improvements	75,000	1,311,559	1,386,559
Grants	1,627,535	-	1,627,535
Contributions for APT Foundation	363,343	1,159,912	1,523,255
Loss on investments	(2,490,135)	(159,372)	(2,649,507)
Change in beneficial interest in assets held by the Kohler Foundation	-	(46,946)	(46,946)
Net assets released from restrictions for operations	258,833	(258,833)	-
Net assets released from restrictions for capital improvements	2,442,277	(2,442,277)	-
<b>Total support</b>	<b>4,434,319</b>	<b>(219,769)</b>	<b>4,214,550</b>
<b>Income (loss) from current activities</b>	<b>1,493,154</b>	<b>(205,310)</b>	<b>1,287,844</b>
Depreciation expense	556,456	-	556,456
Changes in net assets	936,698	(205,310)	731,388
Net assets - Beginning of year	30,259,337	4,172,819	34,432,156
<b>Net assets - End of year</b>	<b>\$ 31,196,035</b>	<b>\$ 3,967,509</b>	<b>\$ 35,163,544</b>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Activities (Continued)

Years Ended December 31, 2022 and 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Operating revenue:</b>			
Ticket sales	\$ 2,277,762	\$ -	\$ 2,277,762
Concession revenue	299,932	-	299,932
Education revenue	9,444	-	9,444
Investment income	172,630	16,169	188,799
Other	27,026	-	27,026
<b>Total operating revenue</b>	<b>2,786,794</b>	<b>16,169</b>	<b>2,802,963</b>
<b>Operating expenses:</b>			
Artistic and production	3,638,999	-	3,638,999
Marketing and patron services	880,259	-	880,259
General and administrative	1,266,655	-	1,266,655
Fundraising	286,871	-	286,871
Education	137,193	-	137,193
<b>Total operating expenses</b>	<b>6,209,977</b>	<b>-</b>	<b>6,209,977</b>
<b>Operating (loss) income</b>	<b>(3,423,183)</b>	<b>16,169</b>	<b>(3,407,014)</b>
<b>Support:</b>			
Contributions for operations	3,601,591	126,028	3,727,619
Contributions for capital improvements	749,650	2,252,687	3,002,337
Grants	1,427,519	-	1,427,519
Contributions for APT Foundation	7,564,148	-	7,564,148
Gain on investments	633,329	107,438	740,767
Change in beneficial interest in assets held by the Kohler Foundation	-	55,956	55,956
Net assets released from restrictions for operations	169,040	(169,040)	-
Net assets released from restrictions for capital improvements	53,757	(53,757)	-
<b>Total support</b>	<b>14,199,034</b>	<b>2,319,312</b>	<b>16,518,346</b>
<b>Income from current activities</b>	<b>10,775,851</b>	<b>2,335,481</b>	<b>13,111,332</b>
<b>Depreciation expense</b>	<b>545,504</b>	<b>-</b>	<b>545,504</b>
<b>Changes in net assets</b>	<b>10,230,347</b>	<b>2,335,481</b>	<b>12,565,828</b>
<b>Net assets - Beginning of year</b>	<b>20,028,990</b>	<b>1,837,338</b>	<b>21,866,328</b>
<b>Net assets - End of year</b>	<b>\$ 30,259,337</b>	<b>\$ 4,172,819</b>	<b>\$ 34,432,156</b>

See accompanying notes to consolidated financial statements.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Schedule of Functional Expenses

Year Ended December 31, 2022

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 3,485,694	\$ 599,003	\$ 575,655	\$ 234,633	\$ 186,574	\$ 5,081,559
Fees and royalties	245,314	78,728	62,602	-	-	386,644
Travel and living expenses	601,476	1,083	-	1,627	-	604,186
Other expenses	33,515	7,574	20,581	(17,974)	9,117	52,813
Production materials	219,819	-	-	-	-	219,819
Supplies	117,848	9,942	26,255	-	-	154,045
Advertising expenses	-	109,609	-	-	-	109,609
Publicity and promotions	-	40,876	-	-	-	40,876
Sales campaigns	-	79,110	-	-	-	79,110
Audience services	-	38,050	-	-	-	38,050
Commissions	-	142,636	-	-	-	142,636
Cost of goods	-	200,981	-	-	-	200,981
IT and office equipment	-	3,155	164,166	2,700	-	170,021
Utilities	-	-	103,584	-	-	103,584
Property & equip. maintenance	28,089	313	517,447	-	-	545,849
Administrative	-	4,111	86,122	-	-	90,233
Insurance	-	-	126,705	-	-	126,705
Donor relations	-	-	-	10,092	-	10,092
Direct mail	-	-	-	35,281	-	35,281
Programming	-	-	-	-	15,600	15,600
<b>Total operating expenses</b>	<b>4,731,755</b>	<b>1,315,171</b>	<b>1,683,117</b>	<b>266,359</b>	<b>211,291</b>	<b>8,207,693</b>
Depreciation	-	-	556,456	-	-	556,456
<b>Total expenses</b>	<b>\$ 4,731,755</b>	<b>\$ 1,315,171</b>	<b>\$ 2,239,573</b>	<b>\$ 266,359</b>	<b>\$ 211,291</b>	<b>\$ 8,764,149</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Schedule of Functional Expenses

Year Ended December 31, 2021

	Artistic and Production	Marketing and Patron Services	General and Administrative	Fundraising	Education	Total
Salaries, taxes, and benefits	\$ 2,625,592	\$ 468,262	\$ 449,519	\$ 257,626	\$ 133,359	\$ 3,934,358
Fees and royalties	367,505	103,610	57,716	-	-	528,831
Travel and living expenses	386,301	289	-	1,568	-	388,158
Other expenses	11,367	7,381	18,648	5,863	3,834	47,093
Production materials	129,631	-	-	-	-	129,631
Supplies	98,297	5,678	25,636	-	-	129,611
Advertising expenses	-	40,217	-	-	-	40,217
Publicity and promotions	-	8,884	-	-	-	8,884
Sales campaigns	-	29,547	-	-	-	29,547
Audience services	-	25,263	-	-	-	25,263
Commissions	-	84,593	-	-	-	84,593
Cost of goods	-	99,975	-	-	-	99,975
IT and office equipment	-	1,836	176,155	-	-	177,991
Utilities	-	-	86,385	-	-	86,385
Property & equip. maintenance	20,306	2,400	281,544	-	-	304,250
Administrative	-	2,324	55,016	-	-	57,340
Interest	-	-	3,679	-	-	3,679
Insurance	-	-	112,357	-	-	112,357
Donor relations	-	-	-	112	-	112
Direct mail	-	-	-	21,702	-	21,702
<b>Total operating expenses</b>	<b>3,638,999</b>	<b>880,259</b>	<b>1,266,655</b>	<b>286,871</b>	<b>137,193</b>	<b>6,209,977</b>
Depreciation	-	-	545,504	-	-	545,504
<b>Total expenses</b>	<b>\$ 3,638,999</b>	<b>\$ 880,259</b>	<b>\$ 1,812,159</b>	<b>\$ 286,871</b>	<b>\$ 137,193</b>	<b>\$ 6,755,481</b>

See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ 731,388	\$ 12,565,828
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	556,456	545,504
Discount on promises to give	354,088	(37,365)
Realized and unrealized loss (gain) on investments	2,602,561	(684,811)
Write-off of promises to give	2,600	5,000
Change in beneficial interest in assets held by the Kohler Foundation	46,947	(55,956)
Changes in operating assets and liabilities:		
Accounts receivable	(5,012)	15,282
Prepaid expenses	(43,459)	(79,695)
Gift shop inventory	1,513	32,905
Accounts payable	(11,161)	78,964
Other accrued expenses	15,006	(33)
Gift certificates	19,532	26,017
Refundable advances	(907,930)	1,116,101
Contract liabilities	(210,447)	(449,360)
Net cash from operating activities	3,152,082	13,078,381
Cash flows from investing activities:		
Purchase of investments	(3,360,147)	(12,758,896)
Sale of investments	2,459,213	1,141,131
Proceeds from sale of property and equipment	4,530	-
Purchase of property and equipment	(2,835,176)	(1,094,079)
Net cash from investing activities	(3,731,580)	(12,711,844)
Cash flows from financing activities:		
Contribution of promises to give	(3,000,000)	-
Collection of promises to give	477,682	207,032
Net cash from financing activities	(2,522,318)	207,032
Net changes in cash, cash equivalents, and restricted cash	(3,101,816)	573,569
Cash, cash equivalents, and restricted cash - Beginning of year	5,242,811	4,669,242
Cash, cash equivalents, and restricted cash - End of year	\$ 2,140,995	\$ 5,242,811
<b>Supplemental schedule of noncash investing and financing activities:</b>		
Leased assets obtained in exchange for new lease liabilities	\$ 26,483	\$ 8,439
<b>Reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:</b>		
Cash and cash equivalents	\$ 2,041,238	\$ 2,920,300
Cash restricted for future improvements	-	2,250,350
Cash restricted for Actors' Equity Association	99,757	72,161
Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows	\$ 2,140,995	\$ 5,242,811

Cash restricted for Actors' Equity Association is further discussed in Note 15 of the notes to the consolidated financial statements.  
See accompanying notes to consolidated financial statements.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature and Purpose of Organizations

American Players Theatre of Wisconsin, Inc. (APT) is a nonprofit professional theater company. They produce nine productions annually, five in the 1,089-seat outdoor amphitheater and four in the Touchstone Theatre, a 201-seat indoor space. The season has more than 210 performances and runs from June through November.

APT's work focuses on classics with an emphasis on Shakespeare, but also includes the work of other classical and contemporary playwrights. Central to APT's mission is a commitment to making these great works accessible to as wide and varied an audience as possible and educating younger generations in the joy of these classic plays. With an annual attendance of over 100,000, APT ranks as one of the country's largest outdoor theaters devoted to the classics. APT relies on ticket sales and contributions as significant sources of revenue.

APT formed two wholly owned subsidiaries, APT Baltimore Street Apartments, LLC and APT Cole Street Apartments, LLC in 2013. These subsidiaries were formed to manage the apartment buildings purchased by APT. The apartment buildings were purchased to provide housing to visiting company members during the theater season.

During 2021 American Players Theatre formed APT Sunrise Apartments, LLC ("The Laurels") for the purpose of constructing two 8-unit apartment buildings. The buildings are for housing APT employees while working for the company. The Laurels add 16 apartments (24 beds) to the APT housing inventory.

American Players Theatre Foundation, Inc. (the "APT Foundation") is a nonprofit organization created in 2014 to help carry out the mission of APT by managing and preserving endowment and long-term assets for the benefit of APT.

#### Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

#### Principles of Consolidation

These financial statements are consolidated and include the accounts of APT, APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, APT Sunrise Apartments, LLC, and APT Foundation, Inc. All four entities are referred to as (the "Organizations"). All material inter-company transactions and accounts are eliminated in consolidation.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Recently Adopted Accounting Pronouncement**

In accordance with the Accounting Standards Codification (ASC), the Organizations adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. The Organizations adopted the amendments in this ASU on a retrospective basis as of January 1, 2021. There was no change in opening balances of net assets. The Organizations have elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organizations have accounted for their existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organizations did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Organizations recognized a right-of-use asset and lease liability of \$524,223 as of January 1, 2021. The Organizations also recognized amortization of operating lease assets included in occupancy expense of \$74,058 and payments of operating lease obligations of (\$74,058) on the consolidated statement of cash flows as of January 1, 2021.

This standard did not have a material impact on the Organizations' net assets and had an immaterial impact on the Organizations' operating results. The most significant impact was the recognition of the operating lease assets and operating lease obligations for operating leases.

#### **Classification of Net Assets**

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution. Net assets without donor restrictions include both undesignated and board designated funds.

Undesignated net assets may be used at the discretion of management to support the mission of the Organizations and consist of net assets accumulated from the results of operations. From time to time, the Board may designate net assets without donor restrictions for specific operational purposes.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Classification of Net Assets** (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources may be maintained in perpetuity. Donor imposed restrictions are released when the 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.

#### **Use of Estimates**

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Revenue Recognition**

##### **Ticket Sales**

Ticket sales revenue results from patron purchases of tickets through the Organizations' box office or website and is reported at the amount that reflects the consideration to which the Organizations were entitled in exchange for providing theatre performances to patrons. The Organizations have patrons from across the United States as well as occasional purchasers from other countries. Patrons pay for tickets on a stand-alone selling price basis which occurs at a point in time. Control is transferred when the performances occur. Cash received for tickets prior to a performance is recognized as a liability until the performance occurs and it converts to ticket sales. As all performances conclude before December 31, all ticket sales are recorded as recognized revenue on the financial statements. The Organizations' policy does not allow for refunds unless a performance is canceled before the first act is complete due to rain. If a performance is canceled, patrons may claim a refund no later than 30 days following the close to the Theatre's uphill season. Refunds must be completed before December 31.

Due to the cancellation of its 2020 season the Organizations provided patrons with the option to convert ticket purchases to a donation to the Organizations, receive a refund, or receive an account credit. If the patron did not respond to the Organizations by December 31, 2020, the revenue recognized remained in ticket sales revenue. If a patron chose to change their ticket purchase to a donation, the Organizations reclassified the revenue from ticket sale revenue to contribution revenue. If a patron chose an account credit, monies received as of December 31, 2020 were recognized as a contract liability. Ticket revenue in contract liabilities as of December 31, 2022 and 2021 was \$96,094 and \$295,905.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

##### **Concession Revenue**

Concession revenue results from patron purchases of products at the Organizations' concession stands and gift shops and is reported at the amount that reflects the consideration to which the Organizations were entitled in exchange for providing the goods to the patron. Revenue is generated from sales to customers attending performances uphill or in Touchstone Theatre. Patrons pay for goods on a stand-alone selling price basis sold at the point of sale. All sales are final, but exchanges are given for defective products. If a replacement product is not available, a refund will be issued.

The Organizations do collect sales tax as required by the State of Wisconsin Department of Revenue. The Organizations exclude sales tax from the measurement of all transaction prices as they are collected and remitted directly to the State of Wisconsin as pass-through. The Organizations honor sales tax exemption certificates when provided by the consumer.

##### **Sponsorship Fees**

The Organizations sell advertising space in the annual Playbill, Visitor's Guide, ticket envelopes, ticket backs and website. Revenue is reported at the amount that reflects the consideration at which the Organizations were entitled in exchange for providing services to the customer. The amounts are generated from customers located in Wisconsin. Customers are invoiced, and revenue is recognized at the time the performance obligation is satisfied which occurs as the service is performed over time. The Organizations determine the transaction price based on publication and mailing of the advertising items.

Due to the cancellation of its 2020 season the Organizations provided sponsors with the option to convert their sponsorship to a contribution to the Organizations, receive a refund, or defer their sponsorship to future seasons. If the sponsor chose to convert their sponsorship to a contribution, the revenue was reclassified from sponsorship fees to contribution revenue. Sponsors that chose to defer their sponsorship are included in contract liabilities in the consolidated statement of financial position in the amount of \$340 and \$10,976 at December 31, 2022 and 2021.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### Education Revenue

The Organizations provide summer camps, residences, and workshops to youth and local organizations. Revenue is reported at the amount that reflects the consideration to which the Organizations were entitled in exchange for providing the services to the customer. Customers are invoiced, and revenue is recognized at the time the performance obligation is satisfied which occurs as the service is performed over time. The Organizations determines the transaction price based on number of hours of service requested by the customer along with preparation and travel time.

	2022	2021
Opening balance accounts receivable – Customers	\$ 72,817	\$ 88,099
Closing balance accounts receivable – Customers	77,829	72,817
Opening balance gift certificates – Customers	90,362	64,345
Closing balance gift certificates – Customers	109,894	90,362
Opening balance contract liabilities – Customers	306,881	756,241
Closing balance contract liabilities – Customers	96,434	306,881

Revenue recognized during the years ended December 31, 2022 and 2021, that was included in the opening balance of contract liabilities and gift certificates was \$281,195 and \$558,514.

##### Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

#### **Grants**

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards that are Contributions - Grants that qualify as contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 605 when the award is satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organizations do not have any grant awards that are exchange transactions.

#### **In-Kind Contributions**

A substantial number of unpaid volunteers have made significant contributions of their time to APT's programs, principally in support services and fund-raising efforts. GAAP requires only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The value of the volunteers' contributed time is not reflected in these consolidated financial statements since these services do not meet criteria for recognition as described in the above definition.

#### **Cash and Cash Equivalents**

The Organizations considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Accounts Receivable**

Accounts receivable represent amounts due from costume rentals to customers and refunds due from vendors. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

#### **Promises to Give**

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets. Unrestricted promises to give to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts.

#### **Gift Shop Inventory**

Gift shop inventory is recorded at cost as items are purchased. This inventory consists of books, clothing and accessories, food, games, stationary, and toys. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

#### **Costume Collection**

APT owns a costume collection, the majority of which was constructed by APT employees. APT expenses the costs of obtaining or producing props, costumes, wigs, and sets in the year the costs are incurred. Accordingly, the value of the collection is not reflected as an asset on the consolidated statements of financial position.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Investments**

The Organizations carry investments at their fair values in the consolidated statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the consolidated statements of activities. Investment fees, if any, are netted with investment income on the consolidated statements of activities.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

#### **Beneficial Interest in Assets Held by the Kohler Foundation**

The Organizations were named as an irrevocable beneficiary of a charitable trusts held and administered by the Kohler Foundation. The endowment's mission is to enable all persons interested in the programs of APT to combine contributions by gift, bequest, devise, or other transfer in a single fund for the support of APT. The American Players Theatre Endowment Trust was created independently by the Kohler Foundation and is administered by outside agents designated by the Kohler Foundation. Therefore, the Organizations have neither possession nor control over the assets of the trusts. At the date the Organizations received notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released. Investment fees, if any, are netted with return.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Property and Equipment**

All acquisitions and improvements of property and equipment of \$5,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets ranging from 3 to 39 years.

#### **Contract Liabilities**

Cash received for education program revenue and ticket sales is recognized at the time the service is provided. Cash received for sponsorship fee revenue is recognized as the service is performed over time. Monies received in advance for education program revenue, ticket sales, and sponsorship fee revenue are recorded as a contract liability until the performance date or when services are performed.

#### **Gift Certificates**

Cash received from gift certificates is recognized as a liability until the patron uses it in the gift shop, at the concession stand, or to purchase tickets and converts it into sales revenue. Gift certificates are valid for two years from the date of purchase and are non-refundable. When the certificate expires, the estimated consideration is reclassified from the liability to earned sales revenue.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting.

#### **ASC 842 Lease Accounting**

The Organizations are a lessee in multiple noncancellable operating leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Leased assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The leased asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **ASC 842 Lease Accounting** (Continued)

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organizations have elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The leased asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, the Organizations have elected to not recognize leased assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organizations recognize short-term lease cost on a straight-line basis over the lease term.

#### **Advertising and Promotion**

Advertising and promotion costs are charged to operations when the advertising first takes place. Advertising and promotion expense was \$109,609 and \$40,217 for the years ended December 31, 2022 and 2021

#### **Income Taxes**

APT is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise and income tax.

APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC are sole member LLC's, and therefore, treated as disregarded entities for tax purposes. The activity of APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC is included in APT's annual federal and state returns.

The Foundation is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). It is also exempt from Wisconsin income tax.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Income Taxes (Continued)

Income from certain activities not directly related to APT's tax-exempt purpose may be subject to taxation as unrelated business income. The advertising income derived from APT's playbill is considered unrelated business income.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### Reclassification

Certain amounts as previously reported in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

#### Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through July 27, 2023, which is the date the financial statements were available to be issued.

### Note 2: Promises to Give

Promises to give are unconditional. The present value of the outstanding promises to give balance for 2022 and 2021 was discounted at a blended rate of 4.08% and 4.46%. A breakdown of promises to give by purpose is as follows:

	2022	2021
Promises to give for capital improvement	\$ 1,372,619	\$ 35,068
Promises to give for operations	536,862	704,694
Promises to give to APT Foundation endowment	1,350,000	-
Subtotals	3,259,481	739,762
Present value discount	(413,870)	(59,781)
Totals	\$ 2,845,611	\$ 679,981

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 2: Promises to Give (Continued)

Future maturities on the promises to give are as follows:

2023	\$	456,834
2024		434,203
2025		434,222
2026		434,222
2027		300,000
Thereafter		1,200,000
<hr/>		
Subtotal		3,259,481
Less - Present value discount		(413,870)
<hr/>		
Total		2,845,611
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Current portion		456,834
Long-term portion		2,388,777
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Total	\$	2,845,611
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### Note 3: Beneficial Interest in Assets Held by the Kohler Foundation

Beneficial interest in assets held by the Kohler Foundation represents a donor-restricted endowment trust that was setup with an initial donation of \$100,000. The trust agreement states that the endowment will hold and invest the funds for the sole benefit of APT. The trust agreement indicates that the Trustees will meet yearly and consider funding requests from APT. Under the trust agreement, the principal balance is to remain intact and only the income may be distributed.

Total beneficial interest in assets held by the Kohler Foundation at December 31, 2022 and 2021, was \$312,187 and \$359,134. The change in beneficial interest in assets held by the Kohler Foundation consisted of the following at December 31:

	2022	2021
Interest and dividends	\$ 7,017	\$ -
Contribution	15,000	-
Realized and unrealized (loss) gain	(67,341)	57,584
Investment fees	(1,623)	(1,628)
<hr/>		
Totals	\$ (46,947)	\$ 55,956
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# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 4: Donor-Designated Endowments

In 2017, APT Foundation established an endowment fund to benefit APT for a variety of purposes. The endowment includes both donor-designated endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). In addition, several years ago, an endowment trust was set up on behalf of APT by the Kohler Foundation. See Note 3. As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

APT Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring APT Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, APT Foundation classifies as net assets with donor restrictions (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by APT Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

APT Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles and to ensure that any risk assumed is commensurate with the given investment vehicle and APT's objectives.

To achieve its investment goals, APT Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. APT Foundation's asset allocations include a blend of stocks and bonds.

Interest, dividends, and net appreciation in fair value of the legacy fund, quasi-endowment, or donor-restricted endowment funds are classified as net assets without donor restrictions and net assets with donor restrictions. Interest and dividends on donor-restricted endowment funds are appropriated for distribution at the discretion of the APT Foundation.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 4: Donor-Designated Endowments (Continued)

#### Investment Held by APT Foundation – Forrest Fund Donor Endowment

During 2017, a gift of \$500,000 was made to APT Foundation to establish the Forrest Fund (the “Fund”). The purpose of the gift is to defray the expenses related to the development of new plays whose content, style, or form fall within the artistic mission of APT and are performed in the Touchstone Theatre. Annual distributions shall be made by APT Foundation in an amount equal to 5% of the value of the Fund on the day of the distribution. Annual distributions may be accumulated at the discretion of APT Foundation, and do not necessarily need to be spent in the year of distribution. The distributions may be made out of both income and principal of the Fund.

#### APT Ken Albers Memorial Fund (Board Designated)

During 2020, APT raised \$25,123 to establish the Ken Albers Memorial Fund. The purpose of the fund is to provide grants to performers at APT to supplement their contractual income in recognition of superior contributions to APT’s artistic endeavors. Annual distributions shall be made by at APT’s discretion for the grants. The distributions may be made out of both income and principal of the Fund.

#### Beneficial Interest in Assets Held by the Kohler Foundation – APT Endowment Trust

See Note 3

Changes in endowment funds with donor restrictions were as follows:

Endowments at January 1, 2021	\$ 982,689
Withdrawal	(10,765)
Interest and dividends	16,169
Realized and unrealized gains	165,022
Investment fees	(1,627)
<hr/>	
Endowments at December 31, 2021	1,151,488
Contribution	15,000
Withdrawal	(29,477)
Interest and dividends	21,476
Realized and unrealized losses	(226,714)
Investment fees	(1,622)
<hr/>	
Endowments at December 31, 2022	\$ 930,151

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 5: Community Foundation

In prior years, donors gifted funds to the Madison Community Foundation (MCF) for the purpose of establishing an APT fund. The fair value of the fund is \$96,583 and \$102,227 at December 31, 2022 and 2021. The agreement indicates that MCF has variance power over the funds and is required to hold the funds in an APT fund, and therefore, are not reflected in the Organizations' financial statements.

### Note 6: Investments

Investments at December 31, 2022 and 2021, and related returns for the years then ended consisted of the following:

Stocks	\$ 7,450,057	\$ 9,127,839
Bonds	5,760,456	5,005,452
Certificates of Deposit	963,058	1,741,907
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Total	\$ 14,173,571	\$ 15,875,198

Investment income consisting primarily of interest and dividends totaled \$263,855 and \$159,001 for the year ended December 31, 2022 and 2021. Unrealized and realized (loss) gain on investments totaled \$(2,602,561) and \$684,811 for the years ended December 31, 2022 and 2021.

### Note 7: Fair Value Measurement

The Organizations use a fair value hierarchy that includes three levels of inputs to be used to measure fair value. The Organizations have determined that the fair value for the APT Foundation investments and the endowment fund are Level 1 financial instruments. Quotes from pricing vendors based on recent trading activity and other observable market data were used in making this determination. The fair value for the beneficial interest in assets held by others are Level 3 financial instruments. Statements from the Kohler Foundation's broker were used in making this determination. The Organizations do not have any liabilities measured at fair value on a recurring basis.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organizations believe 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.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 7: Fair Value Measurement (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2022 and 2021, is as follows:

	2022			
	Recurring Fair Value Measurements Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
APT Foundation investments				
Stocks				
Domestic	\$ 5,555,295	\$ 5,555,295	\$ -	\$ -
Foreign	1,437,543	1,437,543	-	-
Bonds - Domestic	2,476,715	2,476,715	-	-
Endowment funds held by APT Foundation				
Stocks				
Domestic	363,527	363,527	-	-
Foreign	93,693	93,693	-	-
Bonds - Domestic	160,743	160,743	-	-
APT board designated endowment funds				
Bonds - Domestic	23,573	23,573	-	-
APT investments				
Bonds - Domestic	1,882,120	1,882,120	-	-
US Treasury Notes	1,217,304	1,217,304	-	-
Domestic CDs	963,058	-	963,058	-
Beneficial interest in assets held by others	312,187	-	-	312,187
<b>Total</b>	<b>\$ 14,485,758</b>	<b>\$ 13,210,513</b>	<b>\$ 963,058</b>	<b>\$ 312,187</b>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 7: Fair Value Measurement (Continued)

	2021				
	Recurring Fair Value Measurements Using				
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
APT Foundation investments					
Stocks					
Domestic	\$ 6,846,610	\$ 6,846,610	\$ -	\$ -	
Foreign	1,674,216	1,674,216	-	-	
Bonds - Domestic	2,794,419	2,794,419	-	-	
Endowment funds held by APT Foundation					
Stocks					
Domestic	495,462	495,462	-	-	
Foreign	111,551	111,551	-	-	
Bonds - Domestic	185,340	185,340	-	-	
APT board designated endowment funds					
Bonds - Domestic	29,317	29,317	-	-	
APT investments					
Bonds - Domestic	1,996,376	1,996,376	-	-	
Domestic CDs	1,741,907	-	1,741,907	-	
Beneficial interest in assets held by others	359,134	-	-	359,134	
<b>Totals</b>	<b>\$ 16,234,332</b>	<b>\$ 14,133,291</b>	<b>\$ 1,741,907</b>	<b>\$ 359,134</b>	

See Note 3 for level 3 activity on beneficial interest in assets held by others.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 8: Property and Equipment

A summary of property and equipment is as follows at December 31:

	<b>2022</b>	<b>2021</b>
Land	\$ 950,869	\$ 789,124
Buildings, stage, and sets	20,003,840	17,076,149
Light and sound equipment	136,952	136,952
Vehicles	426,825	421,503
Equipment	620,309	608,573
Construction in progress	209,955	519,842
<b>Total cost</b>	<b>22,348,750</b>	<b>19,552,143</b>
<b>Accumulated depreciation</b>	<b>(6,412,196)</b>	<b>(5,906,680)</b>
<b>Property and equipment, net</b>	<b>\$ 15,936,554</b>	<b>\$ 13,645,463</b>

The Organizations are in the process of paving a portion of its theatre parking. Construction costs to date are included in construction in progress as of December 31, 2022. The Organizations expect additional costs of approximately \$560,000 to complete the project.

### Note 9: Revolving Business Note

The Organizations maintain a revolving business note with The Peoples Community Bank in the amount of \$600,000 with a variable interest rate of 2.75% plus the Index Rate at December 31, 2022 and 2021. The Index Rate is defined as the average of the previous month's 13-week Treasury bill auction adjusted on the first business day of each month. The rate was at 4.22% and expired May 2022 and was not renewed. There was no outstanding balance on the line of credit at December 31, 2022 and 2021.

### Note 10: Net Assets with Donor Restriction

Net assets with donor restrictions, which have purpose or time restrictions, are as follows at December 31:

	<b>2022</b>	<b>2021</b>
Promises to give - Time restriction	\$ 1,663,080	\$ 646,560
Promises to give - Next Great Stage	22,619	33,422
Promise to give - Future improvements	1,159,912	-
Purpose restriction - Creating the Classics	106,034	-
Time restriction - 2023 and 2022 season sponsorships	85,714	91,000
Forrest Fund Endowment	617,963	792,353
Kohler Endowment Fund - Perpetual in nature	312,187	359,134
Cash received for future improvements	-	2,250,350
<b>Total net assets with donor restrictions</b>	<b>\$ 3,967,509</b>	<b>\$ 4,172,819</b>

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### Note 10: Net Assets with Donor Restriction (Continued)

The balance in the Kohler Endowment Fund agreement allows for the appreciated value to be without restriction and available to be distributed to APT. An appropriation of \$0 and \$10,765 was made during 2022 and 2021 in accordance with this policy (see Note 4).

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 258,833	\$ 169,040
Satisfaction of purpose restrictions		
Next Great Stage	12,450	53,757
Capital improvements	2,429,827	-
Total net assets released from donor restrictions	\$ 2,701,110	\$ 222,797

### Note 11: Employee Retirement Plan

The Organizations have a retirement plan that covers all permanent full-time employees who work a minimum of 1,000 hours per year and have been employed for one year. The pension plan is invested in individual employee 403(b) accounts. The retirement benefits are fully vested with the plan participant at the time the funds are contributed. Contributions for the plan were \$64,789 and \$100,603 for the years ended December 31, 2022 and 2021. Future employer contributions are discretionary and determined annually subject to the Organization's profitability and plan limitations

### Note 12: Liquidity and Availability

APT does not have a formal liquidity policy but generally maintains financial assets in liquid form, such as cash and cash equivalents, for approximately three months of operating expenses. To help manage unanticipated liquidity needs, APT has a revolving business note in the amount of \$600,000 which it could draw upon (see Note 9). There is an established board-designated fund where the board has the objective of setting funds aside to be drawn upon for future maintenance projects at APT as well as the Baltimore Street and Cole Street apartments.

APT also receives significant contributions that may be subject to donor-imposed restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs (see Note 4).

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 12: Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of December 31, 2022:

Cash and cash equivalents	\$ 2,041,238
Promises to give due in one year or less	456,834
Accounts receivable	77,829
Investments	14,173,571
<hr/>	
Subtotal financial assets	16,749,472
Less: Current liabilities	(672,642)
Less: Promises to give - Time restriction	(284,216)
Less: Promises to give - Next Great Stage	(22,618)
Less: Promises to give - Future improvements	(150,000)
Less: Restricted and designated investments - Forrest Fund	(617,963)
Less: Board designated - Ken Albers memorial fund	(23,573)
Less: Board designated operating reserve for future maintenance and Baltimore Street, Cole Street, and Sunrise apartments	(2,127,662)
<hr/>	
Total	\$ 12,850,798

Financial assets available for general expenditure, that is, without donor restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of December 31, 2021:

Cash and cash equivalents	\$ 2,920,300
Promises to give due in one year or less	152,777
Accounts receivable	72,817
Investments	15,875,198
<hr/>	
Subtotal financial assets	19,021,092
Less: Current liabilities	(1,745,327)
Less: Promises to give - Time restriction	(140,939)
Less: Promises to give - Next Great Stage	(11,839)
Less: Restricted and designated investments - Forrest Fund	(792,353)
Less: Board designated - Ken Albers memorial fund	(29,317)
Less: Board designated operating reserve for future maintenance and Baltimore Street and Cole Street apartments	(1,217,544)
<hr/>	
Total	\$ 15,083,773

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

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### **Note 13: Contributions for Operations - Paycheck Protection Program Forgiveness**

For the year ended December 31, 2021, the Organizations applied for and received an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP originated from legislation passed to assist businesses in navigating the Coronavirus Pandemic. The Organization received an award of approximately \$1,193,160 in 2021 and determined that the awards were conditional grants.

The Organizations applied the policy as described in Note 1. The Organization has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during a covered period of 24 weeks. Accordingly, as the award conditions are met, the grant is recognized as revenue. The revenue is included in contributions for operations on the consolidated statements of activities. The Organizations applied for and received forgiveness as of December 31, 2021.

### **Note 14: Cash Restricted for Actors' Equity Association**

The Organizations are required by the Actors' Equity Association to make a deposit to cover the total weekly salary for actors in case the Organizations are unable to pay the salaries. As of December 31, 2022 and 2021, the balance was \$99,757 and \$72,161.

### **Note 15: Concentration of Credit Risk**

The Organizations maintain cash balances at two financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances in excess of \$1 in the operating and capital checking accounts are swept daily into repurchase agreements. During the year, balances in these accounts may exceed the insurance limits. Management believes the financial institutions have a strong credit rating and credit risk related to these deposits is minimal.

### **Note 16: Leases**

The Organizations lease various properties for the purpose of housing seasonal actors as well as office equipment for use in the main office. The leases entered into do not include options to renew.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Operating leases are included in the following asset and liability accounts on the Organizations' consolidated statements of financial position: Leased assets, Current lease liabilities, and Noncurrent lease liabilities.



# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Notes to Financial Statements

### Note 16: Leases (Continued)

Components of lease expense were as follows for the year ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Lease cost		
Operating lease cost	\$ 254,935	\$ 169,499
Short-term lease cost	86,971	88,336
Total lease cost	\$ 341,906	\$ 257,835

Supplemental balance sheet information related to leases is as follows as of December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Weighted-average remaining lease term (in years) - Operating leases	4.82	5.83
Weighted-average discount rate - Operating leases	0.89 %	0.65 %

Maturities of lease liabilities are as follows as of December 31, 2022:

2023	\$	84,720
2024		84,720
2025		84,720
2026		84,720
2027		68,694
Total lease payments		407,574
Less imputed interest		(8,271)
Total	\$	399,303

## **Supplementary Information**

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# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

<u>Program Name</u>	<u>AL Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of the Treasury</b>			
<b>U.S. Small Business Administration</b>			
<b>Direct</b>			
COVID-19 Shuttered Venue Operators Grant	59.075	SBA-HQ21-SV-000631	\$ 1,116,101
<b>National Endowment for the Humanities</b>			
<b>Passed through the Wisconsin Humanities Council</b>			
Promotion of the Humanities	45.129	FY22-032-S23	10,000
<b>Passed through the Wisconsin Arts Board</b>			
Promotion of the Arts	45.025	1886877-61-21	13,300
<b>Passed through Arts Midwest</b>			
Shakespeare in American Communities	45.024	1889114-32-21	<u>25,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,164,401</u></b>

### Notes to Schedule of Expenditures of Federal Awards

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of American Players Theatre of Wisconsin, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of American Players Theatre of Wisconsin, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of

#### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### Note 3 - 10% De Minimis

American Players Theatre of Wisconsin, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 4 - Subrecipients

American Players Theatre of Wisconsin, Inc. does not have subrecipients or subrecipient expenditures.

See Independent Auditor's Report.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

December 31, 2022

<b>ASSETS</b>	<b>American Players Theatre **</b>	<b>APT Foundation</b>	<b>Elimination</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,754,990	\$ 286,248	\$ -	\$ 2,041,238
Promises to give, current portion	306,834	150,000	-	456,834
Promise to give from APT, current portion	-	142,192	(142,192)	-
Accounts receivable	77,829	-	-	77,829
Assets held by APT Foundation	106,034	-	(106,034)	-
Prepaid expenses	249,957	-	-	249,957
Gift shop inventory	17,875	-	-	17,875
Total current assets	2,513,519	578,440	(248,226)	2,843,733
<b>Other assets:</b>				
Investments	4,086,054	10,087,517	-	14,173,571
Cash restricted for Actors' Equity Association	99,757	-	-	99,757
Beneficial interest in assets held by Kohler Foundation	312,187	-	-	312,187
Promises to give, net	1,378,865	1,009,912	-	2,388,777
Promise to give from APT, net	-	360,976	(360,976)	-
Total other assets	5,876,863	11,458,405	(360,976)	16,974,292
Property and equipment	22,348,749	-	-	22,348,749
Less: Accumulated depreciation	(6,412,195)	-	-	(6,412,195)
Property and equipment, net	15,936,554	-	-	15,936,554
Leased assets	550,706	-	-	550,706
Less: Accumulated amortization	(151,403)	-	-	(151,403)
Leased assets, net	399,303	-	-	399,303
<b>TOTAL ASSETS</b>	\$ 24,726,239	\$ 12,036,845	\$ (609,202)	\$ 36,153,882
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 118,667	\$ -	\$ -	\$ 118,667
Other accrued expenses	57,869	-	-	57,869
Gift certificates	109,894	-	-	109,894
Refundable advance	208,171	-	-	208,171
Lease liabilities, current portion	81,607	-	-	81,607
Contract liabilities	96,434	-	-	96,434
Total current liabilities	672,642	-	-	672,642
<b>Long-term liabilities:</b>				
Lease liabilities, net	317,696	-	-	317,696
APT Assets held by APT Foundation	-	106,034	(106,034)	-
Promise to give to APT Foundation	503,168	-	(503,168)	-
Total long-term liabilities	820,864	106,034	(609,202)	317,696
Total liabilities	1,493,506	106,034	(609,202)	990,338
<b>Net assets:</b>				
<b>Without donor restrictions:</b>				
Undesignated	18,891,865	9,720,270	432,665	29,044,800
Board designated - Ken Albers memorial fund	23,573	-	-	23,573
Board designated reserve	2,127,662	-	-	2,127,662
Total net assets without donor restrictions	21,043,100	9,720,270	432,665	31,196,035
With donor restrictions	2,189,633	2,210,541	(432,665)	3,967,509
Total net assets	23,232,733	11,930,811	-	35,163,544
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 24,726,239	\$ 12,036,845	\$ (609,202)	\$ 36,153,882

\*\* - The financial information for APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC are included in this column. There were no eliminations between these entities and APT.

See Independent Auditor's Report.

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions				With Donor Restrictions				
	American Players Theatre**	APT Foundation	Elimination	Total Without Donor Restrictions	American Players Theatre**	APT Foundation	Elimination	Total With Donor Restrictions	Total
Operating revenue:									
Ticket sales	\$ 4,199,394	\$ -	\$ -	\$ 4,199,394	\$ -	\$ -	\$ -	\$ -	\$ 4,199,394
Concession revenue	576,482	-	-	576,482	-	-	-	-	576,482
Education revenue	118,428	-	-	118,428	-	-	-	-	118,428
Investment income	57,148	212,340	-	269,488	-	14,459	-	14,459	283,947
Other	102,736	-	-	102,736	-	-	-	-	102,736
<b>Total operating revenue</b>	<b>5,054,188</b>	<b>212,340</b>	<b>-</b>	<b>5,266,528</b>	<b>-</b>	<b>14,459</b>	<b>-</b>	<b>14,459</b>	<b>5,280,987</b>
Operating expenses:									
Artistic and production	4,731,755	-	-	4,731,755	-	-	-	-	4,731,755
Marketing and patron services	1,315,171	-	-	1,315,171	-	-	-	-	1,315,171
General and administrative	1,677,027	6,090	-	1,683,117	-	-	-	-	1,683,117
Fundraising	291,800	231,406	(256,847)	266,359	-	-	-	-	266,359
Education	211,291	-	-	211,291	-	-	-	-	211,291
<b>Total operating expenses</b>	<b>8,227,044</b>	<b>237,496</b>	<b>(256,847)</b>	<b>8,207,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,207,693</b>
<b>Operating income (loss)</b>	<b>(3,172,856)</b>	<b>(25,156)</b>	<b>256,847</b>	<b>(2,941,165)</b>	<b>-</b>	<b>14,459</b>	<b>-</b>	<b>14,459</b>	<b>(2,926,706)</b>
Support:									
Contributions for operations	2,359,394	-	(201,928)	2,157,466	245,666	-	(29,478)	216,188	2,373,654
Contributions for capital improvements	75,000	-	-	75,000	1,311,559	-	-	1,311,559	1,386,559
Contributions for APT Foundation	-	388,784	(25,441)	363,343	-	1,159,912	-	1,159,912	1,523,255
Grants	1,627,535	-	-	1,627,535	-	-	-	-	1,627,535
Loss on investments	(193,240)	(2,296,895)	-	(2,490,135)	-	(159,372)	-	(159,372)	(2,649,507)
Change in beneficial interest in assets held by the Kohler Foundation	-	-	-	-	(46,946)	-	-	(46,946)	(46,946)
Net assets released from restrictions for operations	258,833	143,392	(143,392)	258,833	(258,833)	(143,392)	143,392	(258,833)	-
Net assets released from restrictions for capital improvements	2,442,277	-	-	2,442,277	(2,442,277)	-	-	(2,442,277)	-
<b>Total support</b>	<b>6,569,799</b>	<b>(1,764,719)</b>	<b>(370,761)</b>	<b>4,434,319</b>	<b>(1,190,831)</b>	<b>857,148</b>	<b>113,914</b>	<b>(219,769)</b>	<b>4,214,550</b>
<b>Income (loss) from current activities</b>	<b>3,396,943</b>	<b>(1,789,875)</b>	<b>(113,914)</b>	<b>1,493,154</b>	<b>(1,190,831)</b>	<b>871,607</b>	<b>113,914</b>	<b>(205,310)</b>	<b>1,287,844</b>
Depreciation expense	556,456	-	-	556,456	-	-	-	-	556,456
Changes in net assets	2,840,487	(1,789,875)	(113,914)	936,698	(1,190,831)	871,607	113,914	(205,310)	731,388
Net assets - Beginning of year	18,202,613	11,510,145	546,579	30,259,337	3,380,464	1,338,934	(546,579)	4,172,819	34,432,156
<b>Net assets - End of year</b>	<b>\$ 21,043,100</b>	<b>\$ 9,720,270</b>	<b>\$ 432,665</b>	<b>\$ 31,196,035</b>	<b>\$ 2,189,633</b>	<b>\$ 2,210,541</b>	<b>\$ (432,665)</b>	<b>\$ 3,967,509</b>	<b>\$ 35,163,544</b>

\*\* - The financial information for APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, and APT Sunrise Apartments, LLC are included in these columns.

There were no eliminations between these entities and APT.

See Independent Auditor's Report.

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
American Players Theatre of Wisconsin, Inc.  
Spring Green, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of American Players Theatre of Wisconsin, Inc., as of and for the year ended December 31, 2022 and the related notes to the consolidated financial statements, which collectively comprise the American Players Theatre of Wisconsin Inc.'s basic consolidated financial statements, and have issued our report thereon dated July 27, 2023. The financial statements of APT Baltimore Street Apartments, LLC, APT Cole Street Apartments, LLC, APT Sunrise Apartments, LLC, and American Players Theatre Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control or instances of reportable noncompliance associated with these entities.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the American Players Theatre of Wisconsin, Inc. and Subsidiaries's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the American Players Theatre of Wisconsin, Inc. and Subsidiaries's internal control. Accordingly, we do not express an opinion on the effectiveness of the American Players Theatre of Wisconsin, Inc. and Subsidiaries's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the American Players Theatre of Wisconsin, Inc. and Subsidiaries's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the American Players Theatre of Wisconsin, Inc. and Subsidiaries's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the American Players Theatre of Wisconsin, Inc. and Subsidiaries's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the American Players Theatre of Wisconsin, Inc. and Subsidiaries's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin

July 27, 2023

## **Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines**

Board of Directors  
American Players Theatre of Wisconsin, Inc.  
Spring Green, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

#### ***Opinion on Each Major Federal and State Program***

We have audited American Players Theatre of Wisconsin, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on its major federal and state program for the year ended December 31, 2022. American Players Theatre of Wisconsin, Inc.'s major federal and state program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Players Theatre of Wisconsin, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state program for the year ended December 31, 2022.

#### ***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration, . Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Players Theatre of Wisconsin, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of American Players Theatre of Wisconsin, Inc.'s compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to American Players Theatre of Wisconsin, Inc.'s federal and state program.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Players Theatre of Wisconsin, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the *State Single Audit Guidelines*, issued by the State of Wisconsin Department of Administration, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Players Theatre of Wisconsin, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 American Players Theatre of Wisconsin, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Players Theatre of Wisconsin, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Players Theatre of Wisconsin, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control Over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin  
July 27, 2023

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_ yes x no  
Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

#### Federal and State Award

Internal control over major program:  
Material weakness(es) identified? \_\_\_ yes x no  
Significant deficiency(ies) identified? \_\_\_ yes x none reported

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? \_\_\_ yes x no

Identification of major federal and state program:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
59.075	Shuttered Venue Operators Grant

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee? No\*

\*American Players Theatre of Wisconsin, Inc. is not a low-risk auditee due to the audit for the year ended December 31, 2020 not being subject to Single Audit requirements.\*

# American Players Theatre of Wisconsin, Inc. and Subsidiaries

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2022

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### Section II - Financial Statement Findings

None

### Section III – Federal Award Findings and Questioned Costs

None

### Section IV – State Award Findings and Questioned Costs

None

### Section V - Other Issues

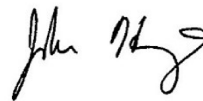
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

yes  no

Was a management letter or other document conveying audit comments issued as a result of this audit?

yes  no

Name and Signature of Partner



John E. Hemming, CPA

Report Date

July 27, 2023