

PORTLAND PLAYHOUSE

Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024
With Independent Auditor's Report

Perkins & Co

PORTLAND PLAYHOUSE

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Portland Playhouse
Portland, OR

Opinion

We have audited the accompanying consolidated financial statements of Portland Playhouse (a non-profit organization) which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Portland Playhouse as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Portland Playhouse's 2024 consolidated financial statements, and our report dated December 17, 2024 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for year ended June 30, 2024, is consistent in all material respects with the audited consolidated financial statements from which it has been derived.

Perkins & Company, P.C.

Portland, OR
November 21, 2025

PORTLAND PLAYHOUSE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025

(With comparative totals for June 30, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 374,354	$ 224,737
Accounts and pledges receivable - net	30,001	82,804
Prepaid expenses and other assets	38,382	32,429
Property and equipment - net	2,192,400	2,390,911
Total assets	$ 2,635,137	$ 2,730,881
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Note payable	$ 149,900	$ 149,900
Note payable to related party	-	300,000
Accounts payable	33,651	65,249
Accrued payroll liabilities	4,878	13,507
Deferred revenue	123,463	43,037
Total liabilities	311,892	571,693
NET ASSETS:		
Net assets without donor restrictions		
Board designated reserve	45,000	45,000
Available for programs and operations	2,278,245	1,737,048
Total net assets without donor restrictions	2,323,245	1,782,048
Net assets with donor restrictions	-	377,140
Total net assets	2,323,245	2,159,188
	$ 2,635,137	$ 2,730,881

See notes to consolidated financial statements.

PORTLAND PLAYHOUSE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2025

(With comparative totals for the year ended June 30, 2024)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2025	Total 2024
OPERATING SUPPORT AND REVENUE:				
Support:				
Corporations	$ 17,620	$ -	$ 17,620	$ 5,387
Foundations	281,300	-	281,300	357,200
Government grants	510,541	-	510,541	407,659
Individuals	597,355	-	597,355	375,051
In-kind support	-	-	-	-
Special projects	11,919	-	11,919	3,426
Total operating support	1,418,735	-	1,418,735	1,148,723
Revenue:				
Educational services	116,819	-	116,819	403,716
Season subscriptions	64,385	-	64,385	48,380
Single tickets	399,958	-	399,958	439,269
Other income	56,875	-	56,875	67,992
Total operating revenues	638,037	-	638,037	959,357
Net assets released from restrictions	132,274	(132,274)	-	-
Total operating support and revenues	2,189,046	(132,274)	2,056,772	2,108,080
OPERATING EXPENSES:				
Artistic expenses	1,195,901	-	1,195,901	1,323,438
Education expenses	223,171	-	223,171	552,429
Management and general expenses	150,559	-	150,559	203,343
Fundraising expenses	123,274	-	123,274	109,960
Total operating expenses before depreciation and amortization	1,692,905	-	1,692,905	2,189,170
Net operating income before depreciation and amortization	496,141	(132,274)	363,867	(81,090)
Depreciation of property and equipment	199,810	-	199,810	188,012
Amortization of right of use asset	-	-	-	21,291
Net operating income (loss)	296,331	(132,274)	164,057	(290,393)
NON-OPERATING INCOME:				
Capital campaign funds released from restrictions	244,866	(244,866)	-	-
Total non-operating income (loss)	244,866	(244,866)	-	-
INCREASE (DECREASE) IN NET ASSETS	541,197	(377,140)	164,057	(290,393)
NET ASSETS AT BEGINNING OF YEAR	1,782,048	377,140	2,159,188	2,449,581
NET ASSETS AT END OF YEAR	$ 2,323,245	$ -	$ 2,323,245	$ 2,159,188

See notes to consolidated financial statements.

PORTLAND PLAYHOUSE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

(With comparative totals for the year ended June 30, 2024)

	Program Services		Total	Supporting Services		Total		
	Artistic Services	Education Services	Program Services	Management and General	Fundraising	Supporting Services	Total 2025	Total 2024
Salaries	$ 356,789	$ 111,625	468,414	$ 63,947	$ 92,536	$ 156,483	$ 624,897	$ 966,790
Prospecting	-	-	-	-	20,565	20,565	20,565	11,450
Professional fees	-	-	-	23,660	-	23,660	23,660	42,152
Supplies	-	-	-	2,653	-	2,653	2,653	1,277
Gifts in kind	-	-	-	-	175	175	175	337
Postage and shipping	-	-	-	1,008	-	1,008	1,008	1,805
Occupancy	24,572	11,169	35,741	8,935	-	8,935	44,676	111,147
Education programs	-	81,473	81,473	-	-	-	81,473	79,905
Production sets and costumes	39,307	-	39,307	130	-	130	39,437	50,137
Advertising and marketing	75,614	18,904	94,518	-	-	-	94,518	98,811
Casting	17,414	-	17,414	-	-	-	17,414	22,446
Royalties	31,248	-	31,248	-	-	-	31,248	47,107
Artistic costs	12,806	-	12,806	-	-	-	12,806	25,332
Printing and publications	-	-	-	280	-	280	280	242
Travel	15,769	-	15,769	112	-	112	15,881	9,870
Conferences and meetings	-	-	-	11,418	-	11,418	11,418	13,370
Director, stage production, and actor fees	622,382	-	622,382	-	-	-	622,382	658,561
Recognition awards	-	-	-	348	-	348	348	359
Insurance	-	-	-	24,683	-	24,683	24,683	21,560
Special events	-	-	-	-	9,998	9,998	9,998	5,753
Other expenses	-	-	-	13,385	-	13,385	13,385	20,759
Total other expenses	1,195,901	223,171	1,419,072	150,559	123,274	273,833	1,692,905	2,189,170
Expenses before depreciation	1,195,901	223,171	1,419,072	150,559	123,274	273,833	1,692,905	2,189,170
Depreciation of property and equipment	-	-	-	199,810	-	199,810	199,810	188,012
Amortization of right of use asset	-	-	-	-	-	-	-	21,291
TOTAL FUNCTIONAL EXPENSES	$ 1,195,901	$ 223,171	$ 1,419,072	$ 350,369	$ 123,274	$ 473,643	$ 1,892,715	$ 2,398,473

See notes to consolidated financial statements.

PORTLAND PLAYHOUSE

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

(With comparative totals for the year ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 164,057	$ (290,393)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	199,810	188,012
Amortization of finance right of use asset	-	21,291
Net changes in:		
Accounts and pledges receivable	52,803	(2,053)
Prepaid expenses and other assets	(5,953)	(7,414)
Accounts payable	(31,598)	42,571
Accrued payroll liabilities	(8,629)	(24,780)
Deferred revenue	80,426	7,367
Net cash provided by (used in) operating activities	450,916	(65,399)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,299)	(379,101)
Net cash used in investing activities	(1,299)	(379,101)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	(300,000)	-
Payments on finance lease liability	-	(27,600)
Net cash used in financing activities	(300,000)	(27,600)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,617	(472,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	224,737	696,837
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 374,354	$ 224,737
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Note payable to related party incurred to finance purchase of property	$ -	$ 300,000
Finance right of use asset removed through finance lease liability	$ -	$ 407,196
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 11,359	$ 7,051

See notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Portland Playhouse is a professional theatre that serves the Portland, Oregon community. It was founded in 2008 with the mission of producing quality, intimate performances in which the interaction between artists and audience is paramount. The Portland Playhouse holds theatre to be in a space in which people of all social, economic, racial, sexual and political backgrounds can come together to celebrate the complexity of shared human experience. The Portland Playhouse also provides educational services to the community.

The 6th Street Artist House, LLC, an Oregon limited liability company wholly owned by the Portland Playhouse, was formed in March 2023 for the purpose of acquiring, holding and managing an investment property.

The Playhouse on Prescott, LLC, an Oregon limited liability company wholly owned by the Portland Playhouse, was formed in September 2013 for the purpose of holding and renting the playhouse where Portland Playhouse presents shows. The Organization acquired the Playhouse on Prescott, LLC in May 2024.

The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Portland Playhouse, 6th Street Artist House, LLC, and the Playhouse on Prescott, LLC (together, "the Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- *Net Assets Without Donor Restriction* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

- *Net Assets With Donor Restriction* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue Recognition - Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and related gains and investment income that are met in the same year as received are reported as net assets without donor restrictions.

The Organization recognizes revenue under the guidance of Accounting Standards Codification ("ASC") 606*, Revenue from Contracts with Customers*, with the exception of contributions which are outside the scope of the standard. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Ticket revenue is earned through individual tickets or season subscriptions. Individual ticket revenue is recognized upon completion of each show performance at a point in time. Season subscription revenue is recognized proportionally upon completion of each individual show over time through the course of the season. Educational services revenue is recognized at a point in time upon completion of the services.

The timing of revenue recognition was as follows for the years ended June 30:

	2025	2024
Revenue recognized at a point in time	$ 189,397	$ 452,096
Revenue recognized over time	448,640	507,261
Revenue not subject to ASC 606	1,418,735	1,148,723
Total	$ 2,056,772	$ 2,108,080

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things, depreciation and amortization, allowance for doubtful accounts, present value of unconditional promises to give, and in-kind contributions. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Credit Risk - Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions and investments. At times, the balances in cash accounts may be in excess of FDIC insurance limits. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments.

Allowance for Credit Losses - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Accounts and Pledges Receivable - Accounts and pledges receivable are comprised of amounts due from various contributors. Accounts receivable are recognized as revenue in the period services are provided. Pledges to give are recognized as revenue or gains in the period the promises are received and as assets and contributed revenue. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. No allowance has been recorded for uncollectible accounts or pledges receivable.

One donor accounted for approximately 100% and 87% of accounts and pledges receivable as of June 30, 2025 and 2024, respectively. One donor accounted for approximately 15% of revenue for the year ended June 30, 2025. One customer accounted for approximately 18% of revenue for the year ended June 30, 2024.

Property and Equipment - Property and equipment is stated at cost or, if acquired by gift, at the estimated fair value at the date of the gift. The Organization's policy is to capitalize property and equipment greater than $500. Maintenance and repairs expensed as incurred while significant replacements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposition is reflected in other income.

Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets from the date when the assets were placed in service. The useful lives for property and equipment are as follows:

Property/Equipment	Years
Equipment and furniture	4-10 years
Building improvements	5-15 years
Buildings	15 years

Leases - The Organization accounts for leases under Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the balance sheet. The Organization's lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include maintenance and utilities, are combined with lease payments and accounted for as a single lease component. The Organization elected the practical expedient allowing use of the risk-free discount rate for determining the present value of the future lease payments.

For finance leases, the Organization records the amortization of the ROU asset as a component of depreciation and amortization, and the accretion of the lease liability as a component of interest expense on the statement of activities and changes in net assets.

Deferred Revenue - Deferred revenue represents monies received in advance for performance and season ticket purchases and grant monies received that have a substantive barrier and a right of return. The amount will be recognized as revenue in accordance with the Organization's revenue recognition policy. Beginning balances of deferred revenue were $43,037 and $35,670 as of July 1, 2025 and 2024, respectively.

Income Taxes - The Organization has been recognized by the Internal Revenue Service as exempt from income tax in accordance with Section 501(c)(3) of the Internal Revenue Code and is therefore generally exempt from federal and state income taxes.

Management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the years ended June 30, 2025 and 2024, there were no tax interest or penalties reflected in the statements of activities or in the statements of financial position.

In-Kind Contributions - Contributions of services and other expenses are recognized if they directly benefit the Organization. The Organization evaluates and determines the value of in-kind contributions by comparing them to the purchase price of the same or similar goods or services contributed. In-kind contributions consist of housing for artist and donations for fundraising efforts. For the years ended June 30, 2025 and 2024, there were no in-kind contributions, respectively.

Allocation of Expenses - The costs of providing the various program and supporting services of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification.

Summarized Financial Information for 2024 - The consolidated financial statements include certain prior-period summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent Events - The Organization has performed an evaluation of subsequent events in accordance with ASC Topic 855, *Subsequent Events*, through November 21, 2025, which is the date these consolidated financial statements were available to be issued.

NOTE 2 – ACCOUNTS AND PLEDGES RECEIVABLE - NET

The Organization's accounts and pledges receivable are comprised primarily of insurance receivables and contributions from private donors and foundations. Accounts and pledges receivable consist of the following as of June 30:

	2025	2024
Unconditional pledges receivable	$ -	$ 82,000
Accounts receivable	30,001	804
Net accounts and pledges receivable	$ 30,001	$ 82,804
The accounts and pledges receivable are due as follows:		
Less than one year	$ 30,001	$ 82,804
Total accounts and pledges receivable	$ 30,001	$ 82,804

Beginning balances of accounts and pledges receivable were $82,804 and $80,751 as of July 1, 2024 and 2023, respectively.

Pledges promised over multiple years are assessed a discount to record at the present value for the time value of the pledge. No discount was recorded on pledges as of June 30, 2025 or 2024.

NOTE 3 – PROPERTY AND EQUIPMENT - NET

Property and equipment consist of the following as of:

	2025	2024
Office furniture and equipment	$ 91,198	$ 89,899
Building	748,750	748,750
Land	256,250	256,250
Renovations	39,932	39,932
Building improvements	2,223,630	2,223,630
	3,359,760	3,358,461
Less accumulated depreciation	(1,167,360)	(967,550)
	$ 2,192,400	$ 2,390,911

Depreciation expense was $199,810 and $188,012 for the years ended June 30, 2025 and 2024, respectively.

NOTE 4 – NOTE PAYABLE

Effective May 25, 2020, the Organization entered into a loan agreement with the U.S. Small Business Administration for $149,900. The loan has an annual interest rate of 2.75% and matures on May 25, 2050. The loan requires monthly payments of interest of $641 beginning in November 2022 and interest and principal beginning in 2026. The outstanding balance on the loan was $149,900 as of June 30, 2025.

Scheduled future maturities for the loan is as follows as of June 30, 2025:

Years ended June 30,

2026	$ 3,310
2027	3,707
2028	3,811
2029	3,916
2030	4,026
Thereafter	131,130
	$ 149,900

NOTE 5 - LEASES

The Organization leased a building under a finance lease from a related party, Playhouse on Prescott, LLC, (see Note 7). The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The Organization terminated the lease when the option to purchase the building was elected and finalized on May 23, 2024. The ROU asset and lease liabilities were netted together, and the remaining balance was expensed.

Additional information about the Organization's leases is as follows as of June 30:

	2025	2024
Lease expense:		
Finance lease expense:		
Amortization of ROU asset	$ -	$ 21,291
Interest on lease liabilities	-	14,285
	$ -	$ 35,576

	2025	2024
Cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for finance lease	$ -	$ 14,723
Financing cash flows used for finance lease	$ -	$ 12,877

NOTE 6 – RESTRICTIONS ON NET ASSETS

The board designated net assets of $45,000 to fund projects specifically for board approval as of June 30, 2025 and 2024. These funds are still classified as net assets without donor restrictions within these consolidated financial statements as the restriction is not externally imposed.

Net assets with donor restrictions are restricted for the following purposes and periods as follows:

	2025	2024
Restricted for subsequent years' activities	$ -	$ 132,274
Capital campaign restricted funds	-	244,866
Total net assets with donor restrictions	$ -	$ 377,140

Net assets released from restrictions by meeting contribution time requirements from prior years were $377,140 and $455,341 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 – TRANSACTIONS WITH RELATED PARTIES

The Organization leased the facility located at 602 NE Prescott Street from Playhouse on Prescott, LLC owned by a relative of employees of the Organization (see Note 5). Rent expense for the facility amounted to $2,300 per month and included an option to purchase the facility.

The option of purchase the Playhouse on Prescott, LLC was exercised on May 23, 2024. The sale price was the original purchase price of $625,000. The Organization paid $325,000 in cash and $300,000 with a related party promissory note. The note has an annual interest rate of 2% and matured on May 31, 2025. The loan required monthly interest only payments interest beginning on July 1, 2024. The loan was paid off during the year ended June 30, 2025.

Contributions from board members were $39,380 and $22,035 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have seasonal variations during the year attributable to a concentration of contributions received near the fiscal year end and the timing and popularity of performances. Monthly cash outflows vary each year based on the timing and number of performances. To manage liquidity, the Organization actively advertises its performances, seeks out new donors, works diligently to collect accounts receivable, and manages its spending activity with the goal of maintaining a balanced budget.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts, if any, not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following years.

	2025	2024
Cash and cash equivalents	$ 374,354	$ 224,737
Receivables, collected in less than one year	30,001	82,804
Total financial assets	$ 404,355	$ 307,541
Other donor restrictions	-	(377,140)
Add back: amounts available for donor-specified expenditures in the following year	-	377,140
Financial assets available to meet cash needs for expenditures within one year	$ 404,355	$ 307,541