

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Summarized Totals for the Year Ended June 30, 2021)**

MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 3
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Activities.....	5
Consolidated Statement of Functional Expenses .....	6
Consolidated Statement of Cash Flows .....	7
Notes to the Consolidated Financial Statements .....	8 - 29
Schedule of Without Donor Restricted Activities Reconciled to Operating Budget.....	30
Schedule of Expenditures of Federal and State Awards.....	31
Notes to the Schedule of Expenditures of Federal and State Awards .....	32
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 <i>Government Auditing Standards</i> .....	33 - 34
Independent Auditor's Report on Compliance and for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	35 - 37
Schedule of Findings and Questioned Costs .....	38 - 39

## Independent Auditor's Report

Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Milwaukee Repertory Theater, Inc. and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Milwaukee Repertory Theater, Inc. and Affiliate as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Financial Statements section of our report. We are required to be independent of Milwaukee Repertory Theater, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Milwaukee Repertory Theater, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Ritz Holman LLP***

*Serving business, nonprofits, individuals and trusts.*

330 E. Kilbourn Ave., Suite 550  
Milwaukee, WI 53202

t. 414.271.1451  
f. 414.271.7464  
ritzholman.com

Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Milwaukee Repertory Theater, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate's June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of without donor restricted activities reconciled to operating budget is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 November 3, 2022, on our consideration of Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate's internal control over financial reporting and compliance.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
November 3, 2022

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

ASSETS				
	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents (NOTES A-4 and E)	\$ 10,777,294	\$ 186,393	\$ 10,963,687	\$ 8,666,735
Investments (NOTES A-7 and F-H)	10,524,620	3,754,283	14,278,903	14,168,102
Interest Receivable	2,202	---	2,202	376
Pledges Receivable (NOTES A-5 and I)	246,519	3,668,464	3,914,983	850,324
Other Receivables (NOTE J)	1,212,337	---	1,212,337	640,429
Inventory (NOTES A-8 and K)	81,332	---	81,332	75,144
Prepaid Expenses	327,187	---	327,187	346,140
Total Current Assets	\$ 23,171,491	\$ 7,609,140	\$ 30,780,631	\$ 24,747,250
INVESTMENTS (NOTES A-7 and F-H)	\$ ---	\$ 10,577,372	\$ 10,577,372	\$ 10,594,450
PLEDGES RECEIVABLE (NOTES A-5 and I)	\$ 246,519	\$ 13,281,026	\$ 13,527,545	\$ 1,048,898
Less: Current Portion of Pledges Receivable	(246,519)	(3,668,464)	(3,914,983)	(850,324)
Long-Term Pledges Receivable	\$ ---	\$ 9,612,562	\$ 9,612,562	\$ 198,574
<b>FIXED ASSETS (NOTES A-6 and L)</b>				
Total Fixed Assets	\$ 24,983,672	\$ ---	\$ 24,983,672	\$ 24,663,663
Less: Accumulated Depreciation	(17,996,238)	---	(17,996,238)	(17,131,061)
Net Fixed Assets	\$ 6,987,434	\$ ---	\$ 6,987,434	\$ 7,532,602
Due To/From Funds (NOTE D)	\$ (6,641,295)	\$ 6,641,295	\$ ---	\$ ---
TOTAL ASSETS	\$ 23,517,630	\$ 34,440,369	\$ 57,957,999	\$ 43,072,876
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 664,212	\$ ---	\$ 664,212	\$ 429,514
Payroll Liabilities	550,001	---	550,001	305,707
Deferred Revenue (NOTE M)	3,198,530	---	3,198,530	3,600,038
Current PPP Loan (NOTE N)	---	---	---	236,576
Total Current Liabilities	\$ 4,412,743	\$ ---	\$ 4,412,743	\$ 4,571,835
<b>NONCURRENT LIABILITIES</b>				
Long-Term PPP Loan (NOTE N)	\$ ---	\$ ---	\$ ---	\$ 1,096,124
Total Noncurrent Liabilities	\$ ---	\$ ---	\$ ---	\$ 1,096,124
Total Liabilities	\$ 4,412,743	\$ ---	\$ 4,412,743	\$ 5,667,959
<b>NET ASSETS (NOTE A-10)</b>				
Without Donor Restrictions				
Operating	\$ 7,011,368	\$ ---	\$ 7,011,368	\$ 7,566,349
Board Designated (NOTE A-9)	12,093,519	---	12,093,519	6,968,751
Total Net Assets Without Donor Restrictions	\$ 19,104,887	\$ ---	\$ 19,104,887	\$ 14,535,100
With Donor Restrictions				
Total Net Assets	\$ 19,104,887	\$ 34,440,369	\$ 53,545,256	\$ 37,404,917
TOTAL LIABILITIES AND NET ASSETS	\$ 23,517,630	\$ 34,440,369	\$ 57,957,999	\$ 43,072,876

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With Summarized Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions			With Donor Restrictions						2022 Total	2021 Total
	Operating	Board Designated	Total	Operating	Special Projects	Capital Campaign	Endowment Income	Permanently Restricted	Total		
<b>INCOME</b>											
<b>Public Support</b>											
State of Wisconsin	\$ 42,500	\$ ---	\$ 42,500	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 42,500	\$ 535,500
Milwaukee County	39,791	---	39,791	---	---	---	---	---	---	39,791	69,804
NEA Grant	35,000	---	35,000	---	---	---	---	---	---	35,000	30,000
City of Milwaukee	---	---	---	5,286	---	---	---	---	5,286	5,286	10,424
UPAF Grant	1,738,557	---	1,738,557	---	---	730,106	---	---	730,106	2,468,663	1,656,098
Foundations	364,942	---	364,942	195,000	1,338	4,798,156	---	---	4,994,494	5,359,436	790,957
Corporate Grants	213,114	---	213,114	24,488	---	2,171,126	---	---	2,195,614	2,408,728	310,457
Contributions	1,774,602	---	1,774,602	1,276,503	1,878	7,273,390	---	3,224	8,554,995	10,329,597	2,937,691
<b>Fundraising Events</b>											
Income	468,378	---	468,378	16,144	---	219,945	---	---	236,089	704,467	103,624
Expense	(287,937)	---	(287,937)	---	---	(161,136)	---	---	(161,136)	(449,073)	(105,199)
Net Assets Released from Restrictions	2,851,622	(48,700)	2,802,922	(1,201,146)	(510,467)	(271,309)	(820,000)	---	(2,802,922)	---	---
Total Public Support	\$ 7,240,569	\$ (48,700)	\$ 7,191,869	\$ 316,275	\$ (507,251)	\$ 14,760,278	\$ (820,000)	\$ 3,224	\$ 13,752,526	\$ 20,944,395	\$ 6,339,356
<b>Earned Income</b>											
Box Office Income	\$ 5,716,262	\$ ---	\$ 5,716,262	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,716,262	\$ 121,119
Coproduction Income	90,128	---	90,128	---	---	---	---	---	---	90,128	---
Concessions Sales - Net of Cost	525,720	---	525,720	---	---	---	---	---	---	525,720	(3,515)
Education Programs	61,821	---	61,821	---	---	---	---	---	---	61,821	6,396
Ticket Handling	104,285	---	104,285	---	---	---	---	---	---	104,285	8,107
Building Restoration Fee	---	240,250	240,250	---	---	---	---	---	---	240,250	9,899
Other Earned Income	177,197	---	177,197	---	---	---	---	---	---	177,197	23,079
Investment (Loss) Income (NOTE F)	1,112	(1,212,974)	(1,211,862)	---	---	---	(2,081,974)	---	(2,081,974)	(3,293,836)	3,493,062
Total Earned Income	\$ 6,676,525	\$ (972,724)	\$ 5,703,801	\$ ---	\$ ---	\$ ---	\$ (2,081,974)	\$ ---	\$ (2,081,974)	\$ 3,621,827	\$ 3,658,147
Total Income Without COVID Grants	\$ 13,917,094	\$ (1,021,424)	\$ 12,895,670	\$ 316,275	\$ (507,251)	\$ 14,760,278	\$ (2,901,974)	\$ 3,224	\$ 11,670,552	\$ 24,566,222	\$ 9,997,503
<b>EXPENSES</b>											
<b>Program Services</b>											
Artistic	\$ 3,616,605	\$ ---	\$ 3,616,605	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,616,605	\$ 1,085,929
Education Programs	741,053	---	741,053	---	---	---	---	---	---	741,053	441,822
Production	3,670,126	16,929	3,687,055	---	---	---	---	---	---	3,687,055	1,413,904
Marketing	2,278,639	---	2,278,639	---	---	---	---	---	---	2,278,639	1,357,394
Concessions	499,939	---	499,939	---	---	---	---	---	---	499,939	184,760
Facilities	697,265	161,879	859,144	---	---	---	---	---	---	859,144	726,728
Administrative and General	1,234,047	---	1,234,047	---	---	---	---	---	---	1,234,047	1,346,783
Development	1,034,487	---	1,034,487	---	---	100,000	---	---	100,000	1,134,487	869,705
Total Expenses Without Depreciation	\$ 13,772,161	\$ 178,808	\$ 13,950,969	\$ ---	\$ ---	\$ 100,000	\$ ---	\$ ---	\$ 100,000	\$ 14,050,969	\$ 7,427,025
<b>CHANGE IN NET ASSETS BEFORE COVID GRANTS AND DEPRECIATION</b>											
	\$ 144,933	\$ (1,200,232)	\$ (1,055,299)	\$ 316,275	\$ (507,251)	\$ 14,660,278	\$ (2,901,974)	\$ 3,224	\$ 11,570,552	\$ 10,515,253	\$ 2,570,478
Federal COVID Grants Revenue (NOTE N)	6,490,260	---	6,490,260	---	---	---	---	---	---	6,490,260	2,013,756
Depreciation Expense	(865,174)	---	(865,174)	---	---	---	---	---	---	(865,174)	(879,557)
<b>CHANGE IN NET ASSETS AFTER COVID GRANTS AND DEPRECIATION</b>											
	\$ 5,770,019	\$ (1,200,232)	\$ 4,569,787	\$ 316,275	\$ (507,251)	\$ 14,660,278	\$ (2,901,974)	\$ 3,224	\$ 11,570,552	\$ 16,140,339	\$ 3,704,677
Net Assets, Beginning of Year	7,566,349	6,968,751	14,535,100	2,200,016	2,605,265	---	6,230,965	11,833,571	22,869,817	37,404,917	33,700,240
Transfers	(6,325,000)	6,325,000	---	---	---	---	---	---	---	---	---
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 7,011,368</u>	<u>\$ 12,093,519</u>	<u>\$ 19,104,887</u>	<u>\$ 2,516,291</u>	<u>\$ 2,098,014</u>	<u>\$ 14,660,278</u>	<u>\$ 3,328,991</u>	<u>\$ 11,836,795</u>	<u>\$ 34,440,369</u>	<u>\$ 53,545,256</u>	<u>\$ 37,404,917</u>

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Summarized Totals for the Year Ended June 30, 2021)**

EXPENSES	Program Services						Administrative and General	Development	2022 Total	2021 Total
	Artistic	Education	Production	Marketing	Concessions	Facilities				
<b>PERSONNEL</b>										
Salaries and Fees	\$ 2,060,686	\$ 368,977	\$ 2,111,263	\$ 820,588	\$ 348,364	\$ 216,482	\$ 732,468	\$ 787,811	\$ 7,446,639	\$ 4,134,662
Payroll Taxes	134,524	23,336	175,444	70,705	43,583	15,863	53,525	42,922	559,902	318,296
Pension and Welfare	417,439	42,718	422,307	82,792	30,433	39,555	78,055	72,077	1,185,376	711,145
Travel, Housing and Per Diem	380,665	107,582	14,877	1,271	---	---	4,055	---	508,450	46,751
Other Personnel	5,890	123,419	6,694	14,351	14,384	1,542	5,291	5,943	177,514	106,485
<b>Total Personnel</b>	<b>\$ 2,999,204</b>	<b>\$ 666,032</b>	<b>\$ 2,730,585</b>	<b>\$ 989,707</b>	<b>\$ 436,764</b>	<b>\$ 273,442</b>	<b>\$ 873,394</b>	<b>\$ 908,753</b>	<b>\$ 9,877,881</b>	<b>\$ 5,317,339</b>
<b>OTHER EXPENSES</b>										
Travel and Conferences	\$ 25,199	\$ ---	\$ 5,122	\$ 3,053	\$ 80	\$ 36	\$ 1,641	\$ 14,095	\$ 49,226	\$ 7,401
Equipment	200	---	190,642	12,529	18,182	119,205	57,835	1,374	399,967	219,140
IT Equipment and Service	---	---	19,637	122,297	1,177	---	112,539	---	255,650	216,094
Hospitality and Programs	4,485	17,275	4,390	33,123	298	---	16,785	118,758	195,114	68,434
Insurance	---	1,588	---	---	---	---	62,675	---	64,263	79,188
Materials and Supplies	68,681	6,375	405,037	8,372	17,025	23,017	1,350	207	530,064	92,421
Office and Miscellaneous	6,774	2,925	11,706	3,525	3,385	697	44,470	7,184	80,666	183,690
Postage and Mailing Services	421	14	42,720	111,328	27	---	2,490	23,073	180,073	83,802
Printing and Signage	---	554	2,378	257,401	1,770	---	946	37,432	300,481	170,742
Professional Services	31,995	44,936	12,366	171,493	1,860	109,787	27,275	8,381	408,093	520,493
Telephone, Fax and Internet	1,229	---	27	4,620	---	1,504	22,777	---	30,157	31,396
Advertising (NOTE A-13)	---	---	---	304,337	---	---	---	---	304,337	30,505
Bank and Credit Card Fees	---	---	---	256,854	19,371	---	9,870	15,230	301,325	68,879
Telemarketing Commissions	---	---	---	---	---	---	---	---	---	3,356
Coproduction Expense	---	---	---	---	---	---	---	---	---	971
Royalties	477,021	300	---	---	---	---	---	---	477,321	67,297
Repairs and Maintenance	---	---	612	---	---	193,739	---	---	194,351	49,863
Rent	1,396	1,054	261,833	---	---	---	---	---	264,283	96,770
Utilities	---	---	---	---	---	137,717	---	---	137,717	119,244
Depreciation	---	---	---	---	---	865,174	---	---	865,174	879,557
<b>Total Other Expenses</b>	<b>\$ 617,401</b>	<b>\$ 75,021</b>	<b>\$ 956,470</b>	<b>\$ 1,288,932</b>	<b>\$ 63,175</b>	<b>\$ 1,450,876</b>	<b>\$ 360,653</b>	<b>\$ 225,734</b>	<b>\$ 5,038,262</b>	<b>\$ 2,989,243</b>
<b>Subtotal</b>	<b>\$ 3,616,605</b>	<b>\$ 741,053</b>	<b>\$ 3,687,055</b>	<b>\$ 2,278,639</b>	<b>\$ 499,939</b>	<b>\$ 1,724,318</b>	<b>\$ 1,234,047</b>	<b>\$ 1,134,487</b>	<b>\$ 14,916,143</b>	<b>\$ 8,306,582</b>
<b>Special Event Expenses</b>										
Rent and Facility	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 71,882	\$ 71,882	\$ 28,064
Food and Beverages	---	---	---	---	---	---	---	107,482	107,482	14,193
Entertainment	---	---	---	---	---	---	---	59,892	59,892	57,303
Supplies	---	---	---	---	---	---	---	19,310	19,310	99
Travel	---	---	---	---	---	---	---	30,574	30,574	5,540
Campaign Consultants & Labor	---	---	---	---	---	---	---	126,146	126,146	---
Other Expenses	---	---	---	---	---	---	---	33,787	33,787	---
<b>Total Expenses</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 449,073</b>	<b>\$ 449,073</b>	<b>\$ 105,199</b>
<b>Total</b>	<b>\$ 3,616,605</b>	<b>\$ 741,053</b>	<b>\$ 3,687,055</b>	<b>\$ 2,278,639</b>	<b>\$ 499,939</b>	<b>\$ 1,724,318</b>	<b>\$ 1,234,047</b>	<b>\$ 1,583,560</b>	<b>\$ 15,365,216</b>	<b>\$ 8,411,781</b>

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



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Summarized Totals for the Year Ended June 30, 2021)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 16,140,339	\$ 3,704,677
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	865,174	879,557
Paycheck Protection Program Loan Forgiveness (NOTE N)	(1,332,700)	(1,446,200)
Realized/Unrealized (Gain) Loss on Investments (NOTE F)	4,328,027	(3,089,926)
(Increase) Decrease in Interest Receivable	(1,826)	13,403
(Increase) Decrease in Pledges Receivable	(12,478,647)	871,773
(Increase) Decrease in Other Receivables	(571,908)	(592,747)
(Increase) Decrease in Inventory	(6,188)	6,686
(Increase) Decrease in Prepaid Expenses	18,953	(66,135)
Increase (Decrease) in Accounts Payable	234,698	97,689
Increase (Decrease) in Payroll Liabilities	244,294	85,391
Increase (Decrease) in Deferred Revenue	(401,508)	454,676
	<b>\$ 7,038,708</b>	<b>\$ 918,844</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (320,009)	\$ (300,760)
Proceeds from Sale of Investments	9,019,264	15,983,890
Purchase of Investments	(13,441,011)	(15,859,281)
	<b>\$ (4,741,756)</b>	<b>\$ (176,151)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	\$ ---	\$ 1,332,700
	<b>\$ ---</b>	<b>\$ 1,332,700</b>
Net Increase in Cash and Cash Equivalents	\$ 2,296,952	\$ 2,075,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,666,735	6,591,342
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$ 10,963,687</b>	<b>\$ 8,666,735</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Forgiveness of Paycheck Protection Program Loan	\$ 1,332,700	\$ 1,446,200

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

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for the Year Ended June 30, 2021)**

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE A - Summary of Significant Accounting Policies**

**A-1 Organization**

The Milwaukee Repertory Theater, Inc. (“The Rep”) is an organization which presents theatrical performances to the public. The mission is to ignite positive change in the cultural, social, and economic vitality of its community by creating world-class theater experiences that entertain, provoke, and inspire meaningful dialogue among an audience representative of Milwaukee’s rich diversity.

**A-2 Consolidated Financial Statements**

The accompanying consolidated financial statements include the accounts of Milwaukee Repertory Theater, Inc. and Friends of Milwaukee Repertory Theater, Inc. LLC. Friends of Milwaukee Repertory Theater, Inc. LLC donates thousands of hours of volunteer time and effort to assure that “The Rep” has the resources to maintain its artistic standards and meet its financial objectives. The board of directors for Friends of Milwaukee Repertory Theater, Inc. LLC agreed to dissolve June 8, 2022.

**A-3 Accounting Method**

The accompanying consolidated financial statements of the Milwaukee Repertory Theater, Inc. have been prepared on the accrual basis of accounting.

**A-4 Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**A-5 Pledges Receivable**

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off uncollectible receivables when management determines the receivable will not be collected.

**A-6 Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Fixed asset additions in excess of \$10,000 are capitalized.

**A-7 Investments**

Investments consist of marketable debt and equity securities, real estate partnership, and certificates of deposit which are carried at fair market value.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**A-8 Inventory**

Inventory is valued at cost.

**A-9 Board Designated Net Assets**

The Board of Directors has designated certain resources as available for use for purposes at the discretion of the Board of the Theater. The Board Designated Net Assets consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash Reserve Fund	\$10,987,576	\$5,803,340
Building Reserve Fund	<u>1,105,940</u>	<u>1,165,411</u>
Total Board Designated Net Assets	<u>\$12,093,516</u>	<u>\$6,968,751</u>

**A-10 Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets with donor restrictions consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Operating	\$ 2,302,994	\$ 1,994,538
Rose Pickering Fund	9,083	9,083
Larry Shue Fund	204,214	196,395
Special Projects	2,098,014	2,605,265
Capital Campaign	14,660,278	---
Endowment	11,836,795	11,833,571
Endowment Income	<u>3,328,991</u>	<u>6,230,965</u>
Total Net Assets With Donor Restrictions	<u>\$34,440,369</u>	<u>\$22,869,817</u>

**A-11 Contributions**

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**A-11 Contributions (continued)**

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**A-12 Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**A-13 Advertising Costs**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

**A-14 Estimates**

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

**A-15 Functional Expenses**

Management's estimate of the expense allocation to program, management and fundraising on the statement of activities is based on management's estimate of costs attributable to the relative nature of the expenses. We evaluated the key factors and assumptions used to develop the allocation to programs, management, and fundraising in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE B - Comparative Financial Information**

The financial information shown for 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**NOTE C - Accounting Change and Future Pronouncements**

**Accounting Change**

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended June 30, 2022. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets are required to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, do not change the recognition and measurement requirements for those assets.

The adoption of the new standard did not result in a material impact to the Organization's financial statements.

**Future Pronouncements**

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20)* will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE C - Accounting Change and Future Pronouncements (continued)**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2022. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE D - Liquidity**

The Organization has financial assets available to meet cash needs for general expenditure consisting of the following:

Cash and Cash Equivalents	\$10,777,294
Investments	10,524,620
Interest Receivable	2,202
Pledges Receivable	246,519
Other Receivables	1,212,337
Less: Net Assets Restricted for Other Use	<u>(6,641,295)</u>
Total Financial Assets	<u>\$16,121,677</u>

The Organization also has financial assets not included in the table above with donor restrictions that make them unavailable for general expenditures. Those financial assets consist of the following:

Cash and Cash Equivalents	\$ 186,393
Investments	3,754,283
Pledges Receivable	3,668,464
Plus: Net Assets Restricted for Other Use	<u>6,641,295</u>
Total Financial Assets	<u>\$14,250,435</u>

The Organization expects liquidity to increase over the next few years with a \$75,000,000 capital campaign to build a new theater complex at the current location of the Organization.

**NOTE E - Concentration of Credit Risk**

The Organization maintains cash and cash equivalent balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, the total uninsured balance was \$2,268,027.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE F - Investments**

Investments as of June 30, 2022, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$16,823,038
Equities	2,023,752
Real Estate Fund	1,556,173
Senior Secured Loan Fund	1,249,248
Fixed Income Securities	509,295
Greater Milwaukee Foundation (GMF) Agency Fund	97,455
Certificates of Deposit less than one year:	
Actors Federal Credit Union	247,314
BMO Bank	100,000
Charles Schwab, various banks	<u>2,250,000</u>
Total	<u>\$24,856,275</u>
Investments - Current	\$14,278,903
Investments - Long-Term	<u>10,577,372</u>
Total Investments	<u>\$24,856,275</u>

Investments as of June 30, 2021, consist of the following:

Professionally Advised by Marquette Associates, Inc.:	
Mutual Funds	\$17,848,034
Equities	2,479,322
Real Estate Fund	1,153,956
Senior Secured Loan Fund	1,174,747
Fixed Income Securities	1,439,481
Greater Milwaukee Foundation (GMF) Agency Fund	120,143
Certificates of Deposit less than one year:	
Actors Federal Credit Union	246,697
BMO Bank	200,000
Charles Schwab, various banks	<u>100,172</u>
Total	<u>\$24,762,552</u>
Investments - Current	\$14,168,102
Investments - Long-Term	<u>10,594,450</u>
Total Investments	<u>\$24,762,552</u>



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE F - Investments (continued)**

Investments are stated at fair market value. Aggregate cost, aggregate fair market value, and gross unrealized (loss) gain as of June 30, 2022 and 2021, are summarized as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Market Value</u>	<u>Gross Unrealized (Loss) Gain</u>
2022	\$26,634,159	\$24,856,275	\$(1,777,884)
2021	\$21,986,600	\$24,762,552	\$ 2,775,952

Investment (loss) income for the year ended June 30, is as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 374,184	\$ 254,194
Capital Gains Distributions	660,006	148,942
Realized Gain	295,242	1,008,620
Unrealized (Loss) Gain	<u>(4,623,268)</u>	<u>2,081,306</u>
Total	\$(3,293,836)	\$3,493,062
Less: Non-Operating Investment Income (Loss)	<u>(3,294,948)</u>	<u>3,492,633</u>
Operating Investment Income	<u>\$ 1,112</u>	<u>\$ 429</u>

Investment income from the Cash Reserve is board designated for special projects. Investment income from the Building Replacement and Theater Funds is restricted to capital purchases and building maintenance. Investment income from the Larry Shue Fund is restricted to supporting intern programs. Investment income from the Endowment funds is released to operations based on the Board's disbursement policy.

**NOTE G - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE G - Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,023,752	\$ 2,023,752	\$ ---	\$ ---
Mutual Funds	16,823,038	16,823,038	---	---
Fixed Income Securities	509,295	509,295	---	---
CDs	2,597,314	---	2,597,314	---
Real Estate Fund	1,556,173	---	---	1,556,173
GMF Agency Fund	97,455	---	---	97,455
Senior Secured Loan	<u>1,249,248</u>	<u>---</u>	<u>---</u>	<u>1,249,248</u>
Total	<u>\$24,856,275</u>	<u>\$19,356,085</u>	<u>\$2,593,314</u>	<u>\$2,902,876</u>

The Organization's real estate fund is managed by American Core Realty Fund, LP. The fair values of the real estate fund is measured based on the statement provided by the American Core Realty Fund, LP. The table below presents information about recurring fair value measurement for the real estate fund (Level 3 measurements):

	<u>2022</u>	<u>2021</u>
Beginning Net Asset Value as of July 1	\$1,153,957	\$1,418,858
Purchases (Sales)	50,000	(332,554)
Income - Reinvested	25,199	35,285
Unrealized Gain (Loss)	<u>327,017</u>	<u>32,368</u>
Ending Net Asset Value as of June 30	<u>\$1,556,173</u>	<u>\$1,153,957</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE G - Fair Value Measurements (continued)**

The Organization's senior secured loan fund is managed by State Street Fund Service Toronto, Inc. The fair values of the senior secured loan fund is measured based on the statement provided by the State Street Fund Service Toronto, Inc. The table below presents information about recurring fair value measurement for the senior secured loan fund (Level 3 measurements):

	<u>2022</u>	<u>2021</u>
Beginning Net Asset Value as of July 1	\$1,174,747	\$ 997,345
Purchases (Sales)	125,000	131,398
Income - Reinvested	54,914	6,438
Unrealized (Loss) Gain	<u>(105,413)</u>	<u>39,566</u>
Ending Net Asset Value as of June 30	<u>\$1,249,248</u>	<u>\$1,174,747</u>

The Organization's Greater Milwaukee Foundation Agency fund is managed by the Greater Milwaukee Foundation (GMF). The fair values of the GMF Agency fund is measured based on the statement provided by the Greater Milwaukee Foundation. The table below presents information about recurring fair value measurement for the GMF fund (Level 3 measurements):

	<u>2022</u>	<u>2021</u>
Beginning Net Asset Value as of July 1	\$120,143	\$96,274
Purchase (Sales)	---	---
Investment (Loss) Income Net of Fees	(20,869)	27,298
Grants Received	<u>(1,819)</u>	<u>(3,429)</u>
Ending Net Asset Value as of June 30	<u>\$ 97,455</u>	<u>\$120,143</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE G - Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

<u>Investment Category</u>	<u>Fair Value</u>	In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,479,322	\$ 2,479,322	\$ ---	\$ ---
Mutual Funds	17,848,034	17,848,034	---	---
Fixed Income Securities	1,439,480	1,439,480	---	---
CDs	546,869	---	546,869	---
Real Estate Fund	1,153,957	---	---	1,153,957
GMF Agency Fund	120,143	---	---	120,143
Senior Secured Loan	<u>1,174,747</u>	<u>---</u>	<u>---</u>	<u>1,174,747</u>
Total	<u>\$24,762,552</u>	<u>\$21,766,836</u>	<u>\$546,869</u>	<u>\$2,448,847</u>

**NOTE H - Investments Policy Management and Disbursements**

**Interpretation of Relevant Law**

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Endowment Committee appropriates such amounts for expenditure.

**Endowment Investment and Spending Policies**

The Organization has adopted the following investment, acceptable investment, and risk and spending policies. These policies were updated during August 2021. Below is a summary of these policies:

**Summarized Investment Policy**

The Investment Advisors will make recommendations to the Investment Committee on investment matters, including selection of investment alternatives and investment managers. The Investment Committee will establish the allocation of assets of the funds according to the detailed parameters and considerations described in the current investment policy adopted by the Board of Directors. The Investment Committee will review the allocations at least quarterly. The portfolio will be rebalanced as market movements or cash payments in to or out of the funds transpire, taking into consideration liquidity limitations.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE H - Investments Policy Management and Disbursements (continued)**

**Summarized Investment Policy (continued)**

The Investment Committee and the Investment Advisors should not engage in short-term market timing.

A. Cash Reserve Fund

Since the Cash Reserve Fund is available for operating shortfalls, the Cash Reserve Fund will be managed separately and an amount equal to the next two years potential shortfalls kept liquid in a combination of money market and short to intermediate fixed income investments.

B. Building Reserve Fund and Theater Fund

These funds are intended to serve as the funding vehicle for building and theater maintenance and capital improvements. An amount equal to the next two years estimated net expenditures will be kept liquid in a combination of money market and short to intermediate fixed income investments. The remaining funds will be invested in a balanced portfolio of fixed income and equity funds designed to maximize income consistent with preserving capital.

C. Enhancement Fund

The overall investment objective is to maximize total return on assets at a risk level consistent with prudent management, taking into consideration safety and preservation of real principal, potential for market appreciation and income.

**Disbursement Policy**

The Rep will attempt to notify the Investment Advisor(s) or managers 30 days prior to any disbursement being required.

A. Cash Reserve Fund

The Cash Reserve Fund will be available as needed for Rep operations at the discretion of the Finance Committee.

B. Building Reserve Fund and Theater Fund

The Building Reserve Fund and Theater Fund will be disbursed as follows:

1. Disbursements are to be made for the periodic upkeep and renewal of the physical structure. The expected types of disbursement would include, but are not limited to: painting, sound insulation, replacement of roof, carpeting, furniture, fixtures, equipment, floors and windows; and maintenance of floors, windows, historic restoration, and exterior walls.
2. Disbursements from the Theater Fund will be made against a five-year rolling schedule.
3. There is no intention or requirement to maintain the principal contributions in whole. Both principal and earnings will be available for distribution.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE H - Investments Policy Management and Disbursements (continued)**

C. Enhancement Fund

The Enhancement Fund will be disbursed as follows:

1. Annual disbursement will be an amount representing between 3% and 5% of the adjusted rolling 5 year average fund balance as of June 30th, with a targeted annual disbursement of 4%. However, in no case may any amounts be disbursed from the contributed principal of the Enhancement Fund. The adjusted rolling average is intended to give immediate effect to principal payments, while averaging out income variations. It is defined as the cumulative principal payments plus the 5-year rolling average of cumulative unexpended income (investment income - disbursements).
2. Management shall present to the Finance Committee of the Rep the specific amount requested for a year. The Finance Committee will then review and present the request to the Board for approval.
3. Actual disbursements against the approved amount will be made at least quarterly.
4. There will be no advances, in a current year, of funds not available until a future year.
5. Management may request, with the approval of the Board, that amounts available for disbursement in one year be carried forward to future years to fund a specific project or program.

The Organization's endowment by net asset class at the end of the period, in total and by type of endowment fund, shows donor-restricted endowment funds separately from board-designated endowment funds.

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	<u>\$15,165,786</u>
Total Endowment Funds	<u>\$15,165,786</u>

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	<u>Total</u>
Endowment Funds with Donor Restrictions	<u>\$18,064,536</u>
Total Endowment Funds	<u>\$18,064,536</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE H - Investments Policy Management and Disbursements (continued)**

Changes in endowment net assets as of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Endowment Net Assets, Beginning of Year	\$18,064,536	\$15,246,661
Contributions	3,224	45,656
Investment (Loss) Income	(2,081,974)	3,292,219
Amounts Appropriated for Expenditure	<u>(820,000)</u>	<u>(520,000)</u>
Endowment Net Assets, End of Year	<u>\$15,165,786</u>	<u>\$18,046,536</u>

**NOTE I - Pledges Receivable**

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2022, as follows:

Pledges Receivable	\$14,545,206
Less: PV discount on Pledges Receivable	(966,171)
Less: Allowance for Doubtful Accounts	<u>(51,490)</u>
Net Pledges Receivable	<u>\$13,527,545</u>
Pledges Receivable - Current	\$ 3,914,983
Pledges Receivable - Long-Term	<u>9,612,562</u>
Net Pledges Receivable	<u>\$13,527,545</u>

Future expected receipts are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 4,067,355
2024	3,692,588
2025	2,906,096
2026	2,173,334
2027	1,620,833
Thereafter	<u>85,000</u>
Total Future Expected Receipts	<u>\$14,545,206</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE I - Pledges Receivable (continued)**

Pledges receivable are shown net of an allowance for doubtful accounts based on analysis of pledges for the year ended June 30, 2021, as follows:

Pledges Receivable	\$1,092,324
Less: PV discount on Pledges Receivable	(38,265)
Less: Allowance for Doubtful Accounts	<u>(5,161)</u>
Net Pledges Receivable	<u>\$1,048,898</u>

Present Value Discount was calculated at the rate of 2.75% on June 30, 2022.

**NOTE J - Other Receivables**

Other receivables as of June 30, 2022 and 2021, consists of the following:

<u>Source</u>	<u>2022</u>	<u>2021</u>
Employee Retention Credit	\$1,167,961	\$567,556
Group Sales	1,871	29,661
Subscriptions	19,778	---
Employee Tips	10,463	---
Insurance Refund	---	35,231
Internal Revenue Service	---	7,009
Miscellaneous	<u>12,264</u>	<u>972</u>
Total	<u>\$1,212,337</u>	<u>\$640,429</u>

**NOTE K - Inventory**

Inventory as of June 30, 2022 and 2021, consists of the following:

<u>Inventory Item</u>	<u>2022</u>	<u>2021</u>
Food and Beverage	\$39,827	\$29,508
Merchandise	25,492	26,904
Supplies	<u>16,013</u>	<u>18,732</u>
Total	<u>\$81,332</u>	<u>\$75,144</u>



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE L - Fixed Assets**

Fixed assets as of June 30, 2022 and 2021, consists of the following:

<u>At Cost:</u>	<u>2022</u>	<u>2021</u>
Building and Improvements	\$ 18,221,451	\$ 18,221,451
River Walk	413,349	413,349
Theater Fixtures	1,022,850	1,022,850
Scenic Elements	713,638	713,638
Computer Equipment	1,601,094	1,583,594
Furniture and Equipment	2,659,693	2,628,493
Vehicles	45,588	45,588
Construction in Process	271,309	---
Other Fixed Assets	<u>34,700</u>	<u>34,700</u>
Total Fixed Assets	\$ 24,983,672	\$ 24,663,663
Less: Accumulated Depreciation	<u>(17,996,238)</u>	<u>(17,131,061)</u>
Net Fixed Assets	<u>\$ 6,987,434</u>	<u>\$ 7,532,602</u>

**NOTE M - Deferred Revenue**

Deferred revenue as of June 30, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
(1) Ticket Sales	\$2,879,269	\$3,295,291
(2) Gift Certificates	162,435	159,382
(3) Other Funds	<u>156,826</u>	<u>145,365</u>
Totals	<u>\$3,198,530</u>	<u>\$3,600,038</u>

**Ticket Sales**

The Milwaukee Repertory Theater, Inc. defers recognition of advance season ticket sales until the conclusion of each performance during the subsequent season, at which time the sales are credited to revenue.

**Other Funds**

These amounts represent funds received in the current year that are to be recognized in the subsequent period.

**NOTE N - Federal COVID Grants Revenue**

**Paycheck Protection Program Forgiveness**

The Organization entered into the Paycheck Protection Program (PPP) and received a \$1,332,700 loan in March 2021. The Organization expended loan proceeds and maintained employment in accordance with the program and received full forgiveness of the loan on February 8, 2022. Accordingly, revenue of \$1,332,700 is reported in the year ended June 30, 2022.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE N - Federal COVID Grants Revenue (continued)**

**Shuttered Venue Operators Grant**

The Shuttered Venue Operators Grant program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program includes over \$16 billion in grants to shuttered venues, to be administered by SBA's Office of Disaster Assistance and. provides emergency assistance for eligible performing arts businesses affected by COVID-19.

This program's mission is to support the ongoing operations of eligible live venues and operators, live venue promoters, theatrical producers, talent representatives, live performing arts organization operators, museums, and motion picture theaters during the uncertain economic conditions caused by the COVID-19 pandemic.

Federal COVID Grants revenue as of June 30, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
(1) PPP Forgiveness	\$1,332,700	\$1,446,200
(2) Shuttered Venue Operators Grant	4,407,154	---
(3) NEA American Rescue Plan Grant	150,000	---
(4) Employee Retention Credit	<u>600,406</u>	<u>567,556</u>
Totals	<u>\$6,490,260</u>	<u>\$2,013,756</u>

**NOTE O - Revenue From Contracts with Customers**

**Box Office Income**

The Organization sells tickets to various shows throughout the year. Tickets can be purchased in person at the box office or over the phone. Revenue is recognized at the point in time the Organization's performance obligation to perform the show is complete. Total box office income for the years ended June 30, 2022 and 2021, was \$5,716,262 and \$121,119, respectively. Deferred revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing tickets to future shows. These revenues are recognized at a point of time in the future when the show is held.

For the Year Ended June 30, 2022

Beginning Deferred Revenue	\$ 3,600,038
Revenue Recognized from Prior Year Deferred	(3,600,038)
New Deferred Tickets Sold	5,314,754
Revenue Recognized on Box Office Income	<u>(2,116,224)</u>
Ending Deferred	<u>\$ 3,198,530</u>

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE O - Revenue From Contracts with Customers (continued)**

For the Year Ended June 30, 2021

Beginning Deferred Revenue	\$3,145,362
Revenue Recognized from Prior Year Deferred	---
New Deferred Tickets Sold	575,795
Revenue Recognized on Box Office Income	<u>(121,119)</u>
Ending Deferred	<u>\$3,600,038</u>

**Fundraising and Raffle Income**

The Organization holds a raffle each year and one large fundraising gala. Revenue for raffle tickets is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the tickets to an individual. Raffle tickets are sold in advance of the drawing and deferred as contract liabilities until earned when the drawing is held. Revenue is recognized at the point in time when the raffle is held. Registration fees for the gala are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is complete. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At June 30, 2022 and 2021, there were no assets or obligations related to revenue from contracts with customers for fundraising or raffle income. For the years ended June 30, 2022 and 2021, fundraising and raffle income was \$704,467 and \$103,624, respectively.

**Food and Beverage Income**

The Organization sells food and beverages during the performances. Food and beverage sales revenue is billed at the point of sale. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services are performed. Food and beverage income for the years ended June 30, 2022 and 2021, was \$739,577 and \$-0-, respectively.

**Historic Restoration Building Fee Income**

The Organization adds a \$2 historic restoration building fee with each ticket sold for shows. Fees go to help maintain performance spaces, administrative offices, and shops. Historic Restoration Building Fee revenue is recognized at the point in time that the ticket is sold. For the years ended June 30, 2022 and 2021, Historic Restoration Building Fee income was \$240,250 and \$9,899, respectively.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE O - Revenue From Contracts with Customers (continued)**

**Education Programs**

Education programs revenue is recognized at the point in time that the services are performed. For the years ended June 30, 2022 and 2021, education programs revenue was \$61,821 and \$6,396, respectively.

**Coproduction Income**

Coproduction income is recognized at the point in time that the services are performed. For the years ended June 30, 2022 and 2021, coproduction income was \$90,128 and \$-0-, respectively.

**NOTE P - Operating Lease**

The Organization has an operating lease for warehouse space which provides for monthly rental payments. The original term of the lease expired in 2014 and continues on a month-to-month basis with annual increases in rent of 3%, currently at \$2,217 per month. Rental expense for this warehouse for the year ended June 30, 2022, was \$26,602.

The Organization entered into a five-year agreement to rent out theater space under an operating lease that expires on December 2025. The annual rental fee is the greater of \$144,200 or 16% of gross admission revenue. In addition, the Organization is required to pay an annual historic preservation fee. Rental expense for the year ended June 30, 2022, was \$183,659.

The following is a schedule by years of the future minimum payments required under the lease as of June 30, 2022:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2023	\$191,445
2024	200,705
2025	210,353
2026	<u>107,638</u>
Total	<u>\$710,141</u>

**NOTE Q - Line of Credit**

The Organization has a \$750,000 line of credit with an interest rate of LIBOR plus 2.75% and collateralized by all business assets. The note does not have a maturity date, however, the lender may demand payment upon 90 days' notice to borrower at any time prior to payment in full and for any reason or no reason. No funds were drawn on the line during the years ended June 30, 2022 and 2021.

**NOTE R - Pension Plans**

Employees are covered by several different plans. These plans include five multiemployer defined benefit pension plans, a multiemployer defined contribution pension plan, and a tax sheltered annuity plan.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE R - Pension Plans (continued)**

Equity actors and stage managers belonging to Actors Equity Association are covered by a union pension plan administered by the Equity League Pension and Welfare Trust. The theater pays 8% of the actor's salary for pension benefits. The theater also contributed a percentage, ranging from 0.5% to 1.25%, of minimum weekly salaries to the defined contribution Equity-League 401(k) Trust Fund for the Equity members.

The defined benefit pension plan, Stage Employees Local No. 18 Retirement Plan, for the stagehands is administered by the Milwaukee Theatrical Stage Employees. The theater pays 10% of the stagehands' salary for pension coverage.

The pension plan for the directors is the SDC - League Pension Fund. The theater pays 8% of the director's salary for pension coverage.

The pension plan for the designers is the United Scenic Artists Local 829 Pension Fund. The theater pays 10.25% of the designer's salary for pension coverage.

Operating engineers are covered by the Central Pension Fund of the International Union Of Operating Engineers and Participating Employers. The theater pays 7% of regular hourly pay.

Full-time, full-season, and year-round employees not covered under a union sponsored pension plan are eligible to participate in the Milwaukee Repertory Theater, Inc.'s tax-sheltered annuity plan. Under this plan, beginning in their third consecutive year of full-time employment, Milwaukee Repertory Theater, Inc. contributes a percentage of regular earnings, as approved by the Board of Directors, to a tax-deferred annuity account for the employee. During the year ended June 30, 2022, Milwaukee Repertory Theater, Inc. made contributions of 3% of gross salary to the annuity fund.

Total pension plan contributions for the fiscal year ended June 30, 2022, were \$284,393.

As noted above, the Organization contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022  
(With Summarized Totals for June 30, 2021)**

**NOTE R - Pension Plans (continued)**

The Organization's participation in these plans for the annual period ended June 30, 2022, is outlined in the table below. The "EIN/Pension Plan #" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available is for the plan's fiscal year-end noted below. The zone status is based on information that the Organization received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The second to last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. None of the union contracts require minimum contributions to a plan. Employer contributions are not greater than 5% of any total plan contributions per the plan's most recently available annual report.

Multiemployer defined benefit pension plans are abbreviated as follows:

<u>Plan</u>	<u>Abbreviation</u>
Stage Employees Local No. 18 Retirement Plan	Stage
The Equity - League Pension Plan	Equity
SDC - League Pension Fund	SDC
United Scenic Artists Local 829 Pension Fund	USA
Central Pension Fund of the International Union Of Operating Engineers and Participating Employers	Engineers

  

<u>Pension Fund</u>	<u>EIN/Pension Plan #</u>	<u>PPA Zone Status 2014</u>	<u>FIP/RP Status Pending/Implemented</u>	<u>Contributions in current year</u>	<u>Surcharge Imposed</u>	<u>Expiration Date Year</u>	<u>Fiscal end</u>
Stage	39-6224262-001	Green	None	\$70,871	No	6/30/22	Dec
Equity	13-6696817-001	Green	None	91,366	No	2/13/23	May
SDC	13-6634482-001	Yellow	Yes	11,058	No	4/14/23	Aug
USA	13-1982707-001	Green	None	20,580	No	6/30/23	Dec
Engineers	36-6052390-001	Green	None	12,605	No	6/30/22	Jan

**NOTE S - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2022, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(With Summarized Totals for June 30, 2021)**

**NOTE T - Special Projects**

The Theater expanded its fundraising efforts to raise additional funds, in fiscal year 2016, for its permanently restricted endowment fund and for a new temporarily restricted Special Projects Fund for the creation of a new production of A Christmas Carol to debut in December 2016, a New Play Development Program, a complete renovation of the Stackner Cabaret and the Theater's Community Engagement Programs. Donor restricted net assets of the Special Projects Fund as of June 30, 2022 and 2021, were \$2,098,014 and \$2,605,265, respectively.

Net assets with donor restrictions of the special projects fund as of June 30, 2022 and 2021, consists of the following:

<u>Source</u>	<u>2022</u>	<u>2021</u>
New Play Development Program	\$1,227,203	\$1,482,688
Engagement Projects	397,965	440,561
Stackner Renovation	4,720	2,854
Classics Initiative	407,000	607,000
A Christmas Carol Rebuild	<u>61,126</u>	<u>72,162</u>
Total	<u>\$2,098,014</u>	<u>\$2,605,265</u>

**NOTE U - Related Parties**

The Organization held \$100,000 and \$100,000 as of June 30, 2022 and 2021 respectively in an endowment fund managed by the employer of one of the members of the board of directors.

**NOTE V - Subsequent Events**

The Organization has evaluated events and transactions occurring after June 30, 2022, the date of the most recent statement of financial position, through the date financial statements are available to be issued, November 3, 2022, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
 SCHEDULE OF WITHOUT DONOR RESTRICTED ACTIVITIES RECONCILED TO OPERATING BUDGET  
 FOR THE YEAR ENDED JUNE 30, 2022**

Milwaukee Repertory Theater, Inc. budgets its operations on a traditional fund accounting basis. The Board of Directors makes certain resources available to the management for day-to-day operations and designates other resources for longer term purposes. A reconciliation of unrestricted functional operating revenue and expenses to operating results as budgeted follows:

Change in Without Donor Restricted Operating Net Assets	\$ 5,770,019
Depreciation Expense	865,174
Theater Fund Resources Expended on Fixed Assets	(271,309)
Capital Campaign Resources Expended on Fixed Assets	(48,700)
Affiliate Activity (Friends of Milwaukee Repertory Theater, Inc.)	<u>10,300</u>
 NET OPERATING SURPLUS	 <u><u>\$ 6,325,484</u></u>



**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/ State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal/State CFDA Program Number	Expenditures
<b>FEDERAL ASSISTANCE</b>		
National Endowment of the Arts (NEA)		
Direct Funding		
Promotion of the Arts Grants to Organizations and Individuals	45.024	\$ 185,000
Arts Midwest		
Promotion of the Arts Grants to Organizations and Individuals	45.024	\$ 25,000
Total by NEA and CFDA 45.024		<u>\$ 210,000</u>
Small Business Administration (SBA)		
Shuttered Venue Operators Grant	59.075	\$ 4,407,154
Total by SBA and CFDA 59.075		<u>\$ 4,407,154</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u><u>\$ 4,617,154</u></u>

The accompanying note is an integral part of this schedule.

**MILWAUKEE REPERTORY THEATER, INC. AND AFFILIATE**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JUNE 30, 2022**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Administrative Requirements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Organization has not elected to use the 10% de minimus cost rate. The Organization allocates indirect costs based on direct salaries limited to grant budgets.

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*

To the Board of Directors  
Milwaukee Repertory Theater, Inc. and Affiliate

We have audited, in accordance with the 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 financial statements of Milwaukee Repertory Theater, Inc. and Affiliate (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 3, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Milwaukee Repertory Theater, Inc. and Affiliate'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Milwaukee Repertory Theater, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Milwaukee Repertory Theater, Inc. and Affiliate'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 a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 Milwaukee Repertory Theater, Inc. and Affiliate'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
November 3, 2022

Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of  
Milwaukee Repertory Theater, Inc. and Affiliate

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Milwaukee Repertory Theater, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Milwaukee Repertory Theater, Inc. and Affiliate's major federal programs for the year ended June 30, 2022. Milwaukee Repertory Theater, Inc. and Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Milwaukee Repertory Theater, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). 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 Milwaukee Repertory Theater, Inc. and Affiliate 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 program. Our audit does not provide a legal determination of Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate's federal programs.

### ***Auditor's Responsibilities 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 Milwaukee Repertory Theater, Inc. and Affiliate'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*, 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 Milwaukee Repertory Theater, Inc. and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate'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 Milwaukee Repertory Theater, Inc. and Affiliate'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 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 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.

To the Board of Directors of  
Milwaukee Repertory Theater, Inc. and Affiliate  
Page Three

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 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. Accordingly, this report is not suitable for any other purpose.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
November 3, 2022

**MILWAUKEE REPERTORY THEATER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? No

Identification of major programs:

U.S. Department of Small Business Administration  
CFDA #59.075/Shuttered Venue Operators Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No



**MILWAUKEE REPERTORY THEATER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No matters were reported.