

OVERTURE CENTER FOUNDATION, INC.
**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2023 AND 2022



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**OVERTURE CENTER FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Overture Center Foundation, Inc.
Madison, Wisconsin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Overture Center Foundation, Inc. and Overture Development Corporation (collectively referred to as "the Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Overture Center Foundation, Inc. and Overture Development Corporation as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States 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 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 for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

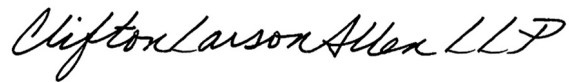
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Overture Center Foundation, Inc.'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 Overture Center Foundation, Inc.'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.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Middleton, Wisconsin
September 22, 2023

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,812,288	\$ 23,294,863
Investments	9,620,831	2,112,605
Accounts Receivable, Net	526,346	611,551
Unconditional Promises to Give, Net	272,500	492,000
Prepaid Expenses	327,695	376,338
Total Current Assets	22,559,660	26,887,357
LONG-TERM ASSETS		
Long-Term Unconditional Promises to Give, Net	292,900	517,100
Beneficial Interest in Assets Held by Madison Community Foundation	1,432,150	1,574,463
Investments Restricted for Endowment	2,146,898	1,668,608
Property and Equipment, Net	130,945,870	132,594,245
Total Long-Term Assets	134,817,818	136,354,416
Total Assets	\$ 157,377,478	\$ 163,241,773
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 362,081	\$ 300,169
Accrued Liabilities	913,518	1,274,887
Unearned Revenue	8,549,909	12,271,760
Notes Payable, Current Portion	104,647	115,143
Total Current Liabilities	9,930,155	13,961,959
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	303,344	407,991
Total Long-Term Liabilities	303,344	407,991
Total Liabilities	10,233,499	14,369,950
NET ASSETS		
Without Donor Restrictions	142,664,929	144,190,815
With Donor Restrictions	4,479,050	4,681,008
Total Net Assets	147,143,979	148,871,823
Total Liabilities and Net Assets	\$ 157,377,478	\$ 163,241,773

See accompanying Notes to Consolidated Financial Statements.

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATIONS			
Operating Revenue:			
Ticket Sales and Fees	\$ 20,234,758	\$ -	\$ 20,234,758
Facility Rentals and Services	2,290,096	-	2,290,096
Investment Income, Net	210,064	-	210,064
Other Revenue	1,833,309	-	1,833,309
Total Operating Revenue	24,568,227	-	24,568,227
OPERATING EXPENSES			
Production	16,265,999	-	16,265,999
Programming, Performance Operations, and Events	2,608,012	-	2,608,012
Ticketing, Marketing, and Sales	1,979,715	-	1,979,715
Facilities	2,871,691	-	2,871,691
Management and General	2,073,610	-	2,073,610
Total Operating Expenses	25,799,027	-	25,799,027
LOSS FROM OPERATIONS	(1,230,800)	-	(1,230,800)
FUNDRAISING			
Contributions	1,306,484	230,425	1,536,909
In-Kind Contributions	157,062	-	157,062
Grants and Sponsorships	670,628	167,139	837,767
Fundraising Expense	(973,600)	-	(973,600)
Net Assets Released from Restrictions	615,082	(615,082)	-
Total Fundraising	1,775,656	(217,518)	1,558,138
OTHER INCOME (EXPENSE)			
Change in Value of Beneficial Interest in Assets Held by Madison Community Foundation	-	(87,954)	(87,954)
Investment Income, Net	30,773	103,514	134,287
City of Madison Support Grant	1,847,500	-	1,847,500
Depreciation Expense	(3,936,017)	-	(3,936,017)
Interest Expense	(12,998)	-	(12,998)
Total Other Income (Expense)	(2,070,742)	15,560	(2,055,182)
CHANGE IN NET ASSETS	(1,525,886)	(201,958)	(1,727,844)
Net Assets - Beginning of Year	144,190,815	4,681,008	148,871,823
NET ASSETS - END OF YEAR	\$ 142,664,929	\$ 4,479,050	\$ 147,143,979

See accompanying Notes to Consolidated Financial Statements.

**OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATIONS			
Operating Revenue:			
Ticket Sales and Fees	\$ 8,281,797	\$ -	\$ 8,281,797
Facility Rentals and Services	1,477,101	-	1,477,101
Investment Income, Net	20,207	-	20,207
Other Revenue	<u>637,032</u>	-	<u>637,032</u>
Total Operating Revenue	10,416,137	-	10,416,137
OPERATING EXPENSES			
Production	6,578,275	-	6,578,275
Programming, Performance Operations, and Events	2,296,115	-	2,296,115
Ticketing, Marketing, and Sales	1,525,068	-	1,525,068
Facilities	2,313,024	-	2,313,024
Management and General	<u>1,840,045</u>	-	<u>1,840,045</u>
Total Operating Expenses	<u>14,552,527</u>	-	<u>14,552,527</u>
LOSS FROM OPERATIONS	(4,136,390)	-	(4,136,390)
FUNDRAISING			
Contributions	1,400,563	772,838	2,173,401
In-Kind Contributions	146,485	-	146,485
Grants and Sponsorships	836,943	703,502	1,540,445
Fundraising Expense	(793,797)	-	(793,797)
Net Assets Released from Restrictions	<u>581,588</u>	<u>(581,588)</u>	<u>-</u>
Total Fundraising	2,171,782	894,752	3,066,534
OTHER INCOME (EXPENSE)			
Change in Value of Beneficial Interest in Assets Held by Madison Community Foundation	-	(59,253)	(59,253)
Investment Income, Net	(105,340)	(226,126)	(331,466)
City of Madison Support Grant	1,550,000	-	1,550,000
Employee Retention Credits	464,952	-	464,952
SVOG Grant	10,000,000	-	10,000,000
Depreciation Expense	(3,704,683)	-	(3,704,683)
Interest Expense	<u>(16,887)</u>	-	<u>(16,887)</u>
Total Other Income (Expense)	<u>8,188,042</u>	<u>(285,379)</u>	<u>7,902,663</u>
CHANGE IN NET ASSETS	6,223,434	609,373	6,832,807
Net Assets - Beginning of Year	<u>137,967,381</u>	<u>4,071,635</u>	<u>142,039,016</u>
NET ASSETS - END OF YEAR	<u>\$ 144,190,815</u>	<u>\$ 4,681,008</u>	<u>\$ 148,871,823</u>

See accompanying Notes to Consolidated Financial Statements.

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Activities		Total
	Production	Programming, Performance Operations, and Events	Ticketing, Marketing, and Sales	Facilities	Management and General	Fundraising	
Salaries, Wages, and Benefits	\$ 2,457,261	\$ 2,182,799	\$ 1,137,684	\$ 1,158,052	\$ 1,435,782	\$ 567,012	\$ 8,938,590
Artists and Performance Fees	12,082,393	-	-	-	2,400	7,566	12,092,359
Advertising	922,481	1,883	3,808	-	-	-	928,172
Purchased Services	481,962	118,919	591,543	520,245	325,097	184,305	2,222,071
Professional Services	22,961	-	79,494	-	149,568	83,379	335,402
Ticketing Fees	-	-	4,100	-	-	-	4,100
Supplies	71,820	133,343	68,174	267,873	58,951	66,909	667,070
Utilities	158,816	46,711	9,342	700,659	14,013	4,671	934,212
Information Technology	53,413	102,375	84,571	106,826	71,217	26,706	445,108
Insurance	5,902	17,705	319	118,036	12,761	4,785	159,508
Other Expenses	8,990	4,277	680	-	3,821	28,267	46,035
Subtotal	16,265,999	2,608,012	1,979,715	2,871,691	2,073,610	973,600	26,772,627
Depreciation	524,653	59,860	35,212	3,302,208	10,563	3,521	3,936,017
Interest Expense	-	-	-	-	12,998	-	12,998
Total Expenses	\$ 16,790,652	\$ 2,667,872	\$ 2,014,927	\$ 6,173,899	\$ 2,097,171	\$ 977,121	\$ 30,721,642

See accompanying Notes to Consolidated Financial Statements.

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Activities		Total
	Production	Programming, Performance Operations, and Events	Ticketing, Marketing, and Sales	Facilities	Management and General	Fundraising	
Salaries, Wages, and Benefits	\$ 1,440,671	\$ 1,992,169	\$ 977,517	\$ 1,008,911	\$ 1,277,137	\$ 590,765	\$ 7,287,170
Artists and Performance Fees	4,057,784	-	-	-	450	5,175	4,063,409
Advertising	598,110	-	4,413	-	-	116	602,639
Purchased Services	205,432	77,620	406,471	337,109	254,575	73,940	1,355,147
Professional Services	7,784	-	14,855	-	171,492	-	194,131
Ticketing Fees	-	-	5,000	-	-	-	5,000
Supplies	81,692	85,500	36,931	191,819	30,211	69,395	495,548
Utilities	134,221	39,477	7,895	592,152	11,843	3,948	789,536
Information Technology	40,483	84,646	69,925	77,285	66,245	29,442	368,026
Insurance	5,287	15,862	286	105,748	11,432	4,287	142,902
Other Expenses	6,811	841	1,775	-	16,660	16,729	42,816
Subtotal	6,578,275	2,296,115	1,525,068	2,313,024	1,840,045	793,797	15,346,324
Depreciation	352,310	40,196	23,645	3,279,075	7,093	2,364	3,704,683
Interest Expense	-	-	-	-	16,887	-	16,887
Total Expenses	\$ 6,930,585	\$ 2,336,311	\$ 1,548,713	\$ 5,592,099	\$ 1,864,025	\$ 796,161	\$ 19,067,894

See accompanying Notes to Consolidated Financial Statements.

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,727,844)	\$ 6,832,807
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,936,017	3,704,683
Loss on Disposal of Equipment	-	6,644
Change in Value of Beneficial Interest in Assets Held by Madison Community Foundation	87,954	59,253
Realized and Unrealized (Gain) Loss on Investments	(26,864)	379,892
Contributions Restricted for Endowment	(99,776)	(667,088)
(Increase) Decrease in Assets:		
Accounts Receivable, Net	85,205	(124,941)
Unconditional Promises to Give, Net	128,700	(424,300)
Prepaid Expenses	48,643	(134,396)
Increase (Decrease) in Liabilities:		
Accounts Payable	61,912	(604)
Accrued Liabilities	(361,369)	577,068
Due to City of Madison	-	(21,412)
Unearned Revenue	(3,721,851)	4,734,411
Net Cash Provided (Used) by Operating Activities	(1,589,273)	14,922,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	(2,287,642)	(2,135,377)
Purchase of Investments	(7,959,652)	(604,009)
Transfer of Assets to Madison Community Foundation	(10,000)	(13,338)
Distributions Received from Assets Held by Madison Community Foundation	64,359	62,405
Net Cash Used by Investing Activities	(10,192,935)	(2,690,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(115,143)	(151,459)
Collections of Contributions Restricted for Endowment	414,776	347,088
Net Cash Provided by Financing Activities	299,633	195,629
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,482,575)	12,427,327
Cash and Cash Equivalents - Beginning of Year	23,294,863	10,867,536
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,812,288	\$ 23,294,863
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 12,998	\$ 16,887

See accompanying Notes to Consolidated Financial Statements.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overture Center Foundation, Inc. (OCF) is a Wisconsin nonstock, tax exempt organization that leases and operates the Overture Center for the Arts (the Center), a performing and visual arts center in Madison, Wisconsin. OCF's mission is to enrich the lives of individuals and the community by creating, encouraging, and catalyzing extraordinary experiences through the arts. Among other activities, OCF raises funds to support free and low-cost community and education programs, as well as other programs and initiatives which help to advance the mission. The Center is also home to nine resident companies: Children's Theater of Madison, Forward Theater Company, Kanopy Dance Company, Li Chiao-Ping Dance, Madison Ballet, Madison Opera, Madison Symphony Orchestra, Wisconsin Academy, and Wisconsin Chamber Orchestra (collectively, Residents).

Overture Development Corporation (ODC), a Wisconsin nonstock, tax exempt organization, was established on June 8, 2000, for the sole purpose of constructing the Center. On August 5, 2011, the Block 65 Condominium Association was formed and the Center was split into two condominiums. Unit one was gifted to the Madison Museum of Contemporary Art (MMoCA). Unit two was retained by ODC and leased to OCF. The bylaws of ODC require that three of the five board members be members of OCF's board of directors. This composition of ODC's board gives OCF a majority voting interest in ODC and, thus, requires the consolidation of ODC with OCF.

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation

The consolidated financial statements include the accounts of OCF and ODC, (collectively referred to as the "Organization"). ODC is consolidated since OCF has both an economic interest in ODC and control of ODC through a majority voting interest in its governing body. All significant transactions and balances between the organizations have been eliminated for financial statement purposes.

Basis of Presentation

The consolidated financial statements of OCF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

OCF defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less, except for those amounts held for investment purposes.

Accounts Receivable

Accounts receivable are stated at the amount OCF expects to collect from outstanding balances. Based upon OCF's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year-end will be immaterial. Accounts are written off when management believes the balance is no longer collectible. Accounts receivable are shown net of an allowance for doubtful accounts of \$2,000 for the years ended June 30, 2023 and 2022.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due date are written off unless the donors indicate that payment is merely postponed. Promises to give are shown net of an allowance for doubtful accounts of \$10,000 for the years ended June 30, 2023 and 2022.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. The fair value of mutual funds are based on the daily closing price reported on the active markets on which the investments are traded. Money market funds are valued daily at the net asset value of the shares held at the end of the year. Fixed income securities include U.S. Government securities and certificates of deposit and are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. OCF records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and realized and unrealized gains or losses are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions.

Donated property and equipment are recognized as revenue at their estimated fair value at the date of receipt and capitalized and depreciated over their useful lives. Donated property and equipment are recognized as unrestricted support unless the donor stipulates how the donated assets must be used.

Contributions of cash that must be used to acquire property and equipment are reported as with donor restricted contributions. OCF reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. OCF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Building	25 to 55 Years
Furniture, Fixtures, and Equipment	3 to 15 Years

Impairment of Long-Lived Assets

OCF reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

OCF reports information regarding its financial position and activities according to the following two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

Net Assets Without Donor Restrictions – Net assets that are not restricted by donors. Designations are voluntary, board-approved segregations of net assets without donor restrictions for specific purposes, projects, or investments.

Net Assets With Donor Restrictions – Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions, including net assets that have been restricted by donors to be maintained by OCF in perpetuity.

When a restriction expires (that is, when a stipulated time restriction ends, or purpose restrictions are accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met during the same year are reported in the net assets without donor restrictions classification.

OCF recognizes revenues from both exchange and nonexchange transactions. For nonexchange transactions, which include contributions, grants, and sponsorships, revenue is recognized in the period the contribution, grant, or sponsorship is received if the contribution is deemed to be unconditional. Revenue from conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Revenue from in-kind contributions includes various donated services such as consulting and donated goods such as gift cards. OCF recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation.

For revenue received from exchange transactions, revenue is recognized when control of the promised goods or services is transferred to the members or customers in an amount that reflects the consideration OCF expects to be entitled to in exchange for those goods or services. Revenues from exchange transactions include revenue from ticket sales and fees, as well as facility rentals and services.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ticket Sales and Fees

Revenue from ticket sales and facility fees is recognized in the period in which the related performance obligation is satisfied, which is when the related show occurs. Revenue from ticket fees is recognized upon the sale of the ticket, which is when the related performance obligation is satisfied.

Facility Rentals and Services

Revenue from facility rentals and services is recognized in the period in which the related performance obligation is satisfied, which is when the customers use the facility and related services.

Unearned Revenue

Ticket office receipts and facility rental deposits attributable to future activities are included in cash and cash equivalents and reflected as unearned revenue until the underlying performance obligation is satisfied. Unearned revenue consisted of the following as of June 30:

	2023	2022	2021
Ticket Sales	\$ 8,314,605	\$ 12,075,249	\$ 7,317,805
Facility Rentals	235,304	196,511	219,544
Total	<u>\$ 8,549,909</u>	<u>\$ 12,271,760</u>	<u>\$ 7,537,349</u>

Advertising Expenses

Advertising costs are charged to operations when incurred. Advertising expense was \$928,172 and \$602,639 for the years ended June 30, 2023 and 2022, respectively.

Functional Expense Allocations

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages, and benefits are allocated based on estimates of time and effort. Information technology expenses are allocated by the percentage of FTEs per department. Depreciation expense is allocated based on the estimated usage of equipment by department, with the exception of depreciation of the property and building, which is entirely allocated to facilities. Insurance expense is allocated based on estimated coverage of equipment and personnel by department, with the exception of property insurance covering the building, which is entirely allocated to facilities. Utilities expense is allocated based on the estimated usage by department.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

OCF and ODC are tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of Wisconsin law, and accordingly, are not subject to federal or state income taxes. However, income from certain activities not directly related to the tax-exempt purpose of OCF or ODC may be subject to taxation as unrelated business income. OCF has net operating loss carry-forwards for both federal and state purposes resulting from certain unrelated business activities. If not used, the federal and state carry-forwards will begin to expire in 2029 and 2024, respectively. Any deferred tax asset resulting from the carry-forwards has been fully allowed for due to uncertainty of any benefit being realized.

OCF and ODC must recognize the tax benefit associated with the tax positions taken for tax return purposes when it is more likely than not the position will be sustained. OCF and ODC do not believe there are any material uncertain tax positions, and, accordingly, they did not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2023 and 2022, there were no interest or penalties recorded or included in the consolidated financial statements.

Sales Tax

Sales tax is recorded on the net method. All applicable taxes are recorded as a liability when incurred.

Concentrations of Credit Risk

OCF's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. OCF places its cash and cash equivalents with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insured limit. OCF has not experienced any losses related to these accounts.

Financial Instruments

OCF follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 *Fair Value Measurement and Disclosure*, which defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. The fair values of cash and cash equivalents, receivables, promises to give, prepaid expenses, payables, accrued liabilities, unearned revenue, and notes payable approximate the carrying value due to the immediate or short-term maturity of these financial instruments. OCF has no financial instruments for which the carrying value differs materially from fair value.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

We adopted the requirements of the guidance effective July 1, 2022 and have elected to apply the provisions of this standard to the beginning of the period of adoption. The financial statements do not include any leases which would require a ROU asset and lease liability to be recorded under ASC 842.

Subsequent Events

Management has evaluated subsequent events through September 22, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 FAIR VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between participants on the measurement date. When determining fair value, OCF considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The framework for measuring fair value provides a fair value hierarchy that requires OCF to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization in the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at June 30 are as follows:

<u>June 30, 2023</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments Without Donor Restriction:				
Money Market Fund	\$ 3,064,156	\$ -	\$ 3,064,156	\$ -
Fixed Income Securities	6,450,457	-	6,450,457	-
Mutual Funds:				
Fixed Income	106,218	106,218	-	-
Subtotal	<u>9,620,831</u>	<u>106,218</u>	<u>9,514,613</u>	<u>-</u>
Investments Restricted for Endowment:				
Money Market Fund	296,404	-	296,404	-
Mutual Funds:				
Fixed Income	840,703	840,703	-	-
Equity	1,009,791	1,009,791	-	-
Subtotal	<u>2,146,898</u>	<u>1,850,494</u>	<u>296,404</u>	<u>-</u>
Beneficial Interest in Assets Held by Madison Community Foundation				
	<u>1,432,150</u>	<u>-</u>	<u>-</u>	<u>1,432,150</u>
Total	<u>\$ 13,199,879</u>	<u>\$ 1,956,712</u>	<u>\$ 9,811,017</u>	<u>\$ 1,432,150</u>
<u>June 30, 2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments Without Donor Restriction:				
Money Market Fund	\$ 32,007	\$ -	\$ 32,007	\$ -
Mutual Funds:				
Fixed Income	2,080,598	2,080,598	-	-
Subtotal	<u>2,112,605</u>	<u>2,080,598</u>	<u>32,007</u>	<u>-</u>
Investments Restricted for Endowment:				
Money Market Fund	161,028	-	161,028	-
Mutual Funds:				
Fixed Income	575,760	575,760	-	-
Equity	931,820	931,820	-	-
Subtotal	<u>1,668,608</u>	<u>1,507,580</u>	<u>161,028</u>	<u>-</u>
Beneficial Interest in Assets Held by Madison Community Foundation				
	<u>1,574,463</u>	<u>-</u>	<u>-</u>	<u>1,574,463</u>
Total	<u>\$ 5,355,676</u>	<u>\$ 3,588,178</u>	<u>\$ 193,035</u>	<u>\$ 1,574,463</u>

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

OCF's beneficial interest in assets held by Madison Community Foundation (MCF) represents an agreement between OCF and MCF in which OCF transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded, and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to OCF by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

OCF's valuation methodologies used to measure the fair value of investments are described in Note 1. There have been no changes in methodologies used at June 30, 2023 and 2022. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although OCF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs at June 30:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 1,574,463	\$ 1,682,783
Contributions to Madison Community Foundation	10,000	13,338
Distributions Received from Assets Held by Madison Community Foundation	(64,359)	(62,405)
Change in Value of Beneficial Interest Included in Change in Net Assets	<u>(87,954)</u>	<u>(59,253)</u>
Ending Balance	<u>\$ 1,432,150</u>	<u>\$ 1,574,463</u>

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Receivable in Less than One Year	\$ 272,500	\$ 492,000
Receivable in One to Five Years	315,500	547,500
Less: Discounts to Net Present Value	(12,600)	(20,400)
Less: Allowance for Promises to Give	<u>(10,000)</u>	<u>(10,000)</u>
Unconditional Promises to Give, Net	<u>\$ 565,400</u>	<u>\$ 1,009,100</u>

The rates used to discount the unconditional promises to give at June 30, 2023 and 2022, ranged between 1.2% and 5.9%.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT

Endowment assets consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash Restricted for Endowment	\$ 50,000	\$ 20,000
Pledges Receivable Restricted for Endowment	5,000	320,000
Investments Held at Trust Point	2,146,898	1,668,608
Beneficial Interest in Assets Held by Madison Community Foundation	<u>1,432,150</u>	<u>1,574,463</u>
Total Endowment Assets	<u>\$ 3,634,048</u>	<u>\$ 3,583,071</u>

The Overture Center Endowment Fund (Fund) is a component fund of the Madison Community Foundation, a tax exempt community foundation located in Madison, Wisconsin. OCF is the designated beneficiary of the Fund. The Fund was originally established in 1977 by the Common Council of the city of Madison to provide support for the operations of the Madison Civic Center. In 1985, a permanent endowment of \$830,000 was established. Since 2013, a donor has contributed \$137,250 to OCF's permanent endowment fund with the MCF. The Fund agreement provides for the distribution of net income of the Fund each year. The current policy is to distribute 4.25% of the Fund's average market value over the last 20 quarters. However, no distributions from the Fund will reduce the minimum balance of the Fund below the \$967,250 permanent endowment requirement. The Fund is charged management and trust fees by MCF each quarter.

In 2005, the Center was built, replacing the Madison Civic Center. On January 1, 2012, when OCF took over the operations of Overture Center for the Arts from the Madison Cultural Arts District (MCAD), it became the beneficiary of the Fund and thus recorded the asset value of the Fund on its consolidated financial statements.

Interpretation of Relevant Law – The OCF governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, OCF classifies as net assets with permanent donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that does not have permanent donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by OCF in a manner consistent with the standard of prudence described by UPMIFA.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT (CONTINUED)

In accordance with UPMIFA, OCF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of OCF and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of OCF
7. The investment policies of OCF

Endowment net asset composition by type of fund consisted of the following:

<u>June 30, 2023</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 3,634,048</u>	<u>\$ 3,634,048</u>
<u>June 30, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 3,583,071</u>	<u>\$ 3,583,071</u>

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended June 30 were as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2021	\$ -	\$ 3,263,767	\$ 3,263,767
Contributions	-	667,088	667,088
Investment Loss Net of Fees and Expenses	-	(285,379)	(285,379)
Distribution of Endowment Investments for Operations	-	(62,405)	(62,405)
Endowment Net Assets - June 30, 2022	-	3,583,071	3,583,071
Contributions	-	99,776	99,776
Investment Gain Net of Fees and Expenses	-	15,560	15,560
Distribution of Endowment Investments for Operations	-	(64,359)	(64,359)
Endowment Net Assets - June 30, 2023	<u>\$ -</u>	<u>\$ 3,634,048</u>	<u>\$ 3,634,048</u>

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds could fall below the level that the donor or UPMIFA requires the OCF to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. OCF does not have any such deficiencies within its endowment fund as of June 30, 2023 and 2022.

Spending Policy Summary – The MCF’s spending policy guidelines follow methods for the distribution of earnings from donor-restricted endowment funds that seek to preserve the Fund’s purchasing power. In addition, in the context of investing the majority of the assets in equities, OCF’s goal is to manage the Fund in a manner that will seek to produce a predictable and stable stream of funds for charitable purposes. It includes a strategy for long-term investment and a procedure for calculating the amount to be distributed. The amount to be distributed from the Fund is 4.25% of the Fund’s average market value over the last 20 quarters. Administrative fees are based on a percentage of the Fund’s market value.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT (CONTINUED)

Investment Strategy – The MCF’s investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the world equity, fixed income, commodities, real estate, and private equity markets. This strategy provides the MCF with a long-term asset mix that is most likely to meet the MCF’s long-term goals with the appropriate level of risk.

NOTE 5 FUNDS HELD BY THE MADISON COMMUNITY FOUNDATION

In addition to the endowment funds held by MCF as described in Note 4, MCF also holds funds for the benefit of OCF. In accordance with accounting standards, these funds are not recorded as assets of OCF since MCF has variance power over the funds. The balance of these funds was \$162,017 as of June 30, 2023.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 5,848,499	\$ 5,848,499
Building	155,125,703	155,125,703
Furniture, Fixtures, and Equipment	9,737,628	7,167,678
Construction in Progress	<u>1,242,421</u>	<u>1,626,135</u>
Total Property and Equipment	171,954,251	169,768,015
Less: Accumulated Depreciation	<u>(41,008,381)</u>	<u>(37,173,770)</u>
Property and Equipment, Net	<u>\$ 130,945,870</u>	<u>\$ 132,594,245</u>

Depreciation expense, including amortization of leased assets, was \$3,936,017 and \$3,704,683 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 RETIREMENT PLAN

OCF offers a defined contribution retirement plan that covers substantially all full-time employees of OCF. New employees become eligible on the first day of the month after they begin employment. OCF makes a matching contribution of up to 3.5% on all eligible wages. During the years ended June 30, 2023 and 2022, OCF contributed \$162,143 and \$148,750 to the plan, respectively.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 STRUCTURAL AGREEMENT WITH CITY OF MADISON

On December 31, 2010, OCF entered into a long-term structural agreement with the city of Madison regarding the operation of the Center. By the terms of the agreement, the operations of the Center transferred from MCAD to OCF on January 1, 2012. The city of Madison agreed to provide OCF with an annual grant of \$2,000,000 per year subject to approval by the Common Council. The city of Madison further agreed to adjust the grant amount annually by the change in the consumer price index methodology in the State's Expenditure Restraint Program (ERP). This annual grant was to help fund operations, capital expenditures, and to support free and low-cost community programming. For fiscal years ended June 30, 2023 and 2022, OCF received grants in the amount of \$1,847,500 and \$1,550,000, respectively.

NOTE 9 BUILDING OPERATING LEASE - ODC

The lease between ODC and OCF for Unit 2 of the Block 65 Condominium Association, dated January 1, 2012, is a "net lease" in which OCF does not pay ODC rent for the leased premises. OCF is responsible for all repairs, maintenance, improvements, and alterations required to the leased premises during the term of the lease. It is also responsible for all costs and expenses necessary to operate the leased property. OCF also agrees to pay or reimburse ODC for all costs, fees, and expenses ODC incurred for accounting, audit fees, reporting, legal fees, and any and all other costs, fees, or expenses associated with, related to, or arising in connection with the leased premises. As such, the lease between ODC and OCF does not meet the criteria for recognition of a ROU asset and corresponding liability under ASC 842 due to the variable nature of the payments. The lease expires December 31, 2041.

NOTE 10 NOTES PAYABLE

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note payable secured by a collateral pledge on a deposit account with the bank for certain theater equipment. The note has a fixed interest rate of 2.75%, is due in equal monthly payments of \$9,560, and matures in March 2027.	\$ 407,991	\$ 509,790
Note payable secured by a collateral pledge on a deposit account with the bank for an interior upgrade of the administrative office. Note was paid in full during 2023.	-	13,344
Total	407,991	523,134
Less: Current Maturities	(104,647)	(115,143)
Total Notes Payable, Net of Current Portion	<u>\$ 303,344</u>	<u>\$ 407,991</u>

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 NOTES PAYABLE (CONTINUED)

Future principal payments on the notes payable are as follows at June 30:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 104,647
2025	107,629
2026	110,668
2027	85,047
Total	<u>\$ 407,991</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

OCF is required to enter into an annual performance contract with the city of Madison in conjunction with its operating grant. OCF must meet certain financial and performance benchmarks to continue to be eligible for the grant given by the city of Madison.

From time to time, OCF is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on OCF's financial position or results of operations. Currently, no pending claims or legal proceedings exist.

NOTE 12 NET ASSETS

Net assets consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Without Donor Restrictions:		
General Operating	\$ 16,686,259	\$ 14,980,360
Board Designated Reserve	2,170,000	2,170,000
Total Without Donor Restrictions -		
Overture Center Foundation	18,856,259	17,150,360
Overture Development Corporation Net Assets	123,808,670	127,040,455
Total Without Donor Restrictions	<u>142,664,929</u>	<u>144,190,815</u>
With Donor Restrictions:		
Program Support	284,602	418,337
Time Restricted Gifts	560,400	679,600
Endowment Funds - Other Restricted	860,273	1,073,483
Endowment Funds - Held in Perpetuity	2,773,775	2,509,588
Total With Donor Restrictions -		
Overture Center Foundation	<u>4,479,050</u>	<u>4,681,008</u>
Total Net Assets	<u>\$ 147,143,979</u>	<u>\$ 148,871,823</u>

The Board designated reserve of \$2,170,000 at both June 30, 2023 and 2022 has been established as a part of the structural agreement with the city of Madison as disclosed in Note 8.

OVERTURE CENTER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

OCF's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 11,812,288	\$ 23,294,863
Investments	9,620,831	2,112,605
Accounts Receivable, Net	526,346	611,551
Unconditional Promises to Give, Due Within One Year	<u>272,500</u>	<u>492,000</u>
Total Financial Assets Available Within One Year	22,231,965	26,511,019
Less: Amounts With Donor Restrictions	<u>(284,602)</u>	<u>(418,337)</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 21,947,363</u>	<u>\$ 26,092,682</u>

None of the financial assets are subject to donor or other contractual restrictions, except for \$284,602, that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

As part of OCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, OCF invests cash in excess of daily requirements in interest bearing, fully-insured, savings accounts.

OCF's endowment funds consist of donor-restricted endowments as described in Note 4. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Overture Center Foundation	Overture Development Corporation	Consolidated Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 11,812,288	\$ -	\$ 11,812,288
Investments	9,620,831	-	9,620,831
Accounts Receivable, Net	526,346	-	526,346
Unconditional Promises to Give, Net	272,500	-	272,500
Prepaid Expenses	327,695	-	327,695
Total Current Assets	22,559,660	-	22,559,660
LONG-TERM ASSETS			
Long-Term Unconditional Promises to Give, Net	292,900	-	292,900
Beneficial Interest in Assets Held by Madison Community Foundation	1,432,150	-	1,432,150
Investments Restricted for Endowment	2,146,898	-	2,146,898
Property and Equipment, Net	7,137,200	123,808,670	130,945,870
Total Long-Term Assets	11,009,148	123,808,670	134,817,818
 Total Assets	 \$ 33,568,808	 \$ 123,808,670	 \$ 157,377,478
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 362,081	\$ -	\$ 362,081
Accrued Liabilities	913,518	-	913,518
Unearned Revenue	8,549,909	-	8,549,909
Notes Payable, Current Portion	104,647	-	104,647
Total Current Liabilities	9,930,155	-	9,930,155
LONG-TERM LIABILITIES			
Notes Payable, Net of Current Portion	303,344	-	303,344
Total Liabilities	10,233,499	-	10,233,499
NET ASSETS			
Without Donor Restrictions	18,856,259	123,808,670	142,664,929
With Donor Restrictions	4,479,050	-	4,479,050
Total Net Assets	23,335,309	123,808,670	147,143,979
 Total Liabilities and Net Assets	 \$ 33,568,808	 \$ 123,808,670	 \$ 157,377,478

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Overture Center Foundation	Overture Development Corporation	Consolidated Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 23,294,863	\$ -	\$ 23,294,863
Investments	2,112,605	-	2,112,605
Accounts Receivable, Net	611,551	-	611,551
Unconditional Promises to Give, Net	492,000	-	492,000
Prepaid Expenses	376,338	-	376,338
Total Current Assets	26,887,357	-	26,887,357
LONG-TERM ASSETS			
Long-Term Unconditional Promises to Give, Net	517,100	-	517,100
Beneficial Interest in Assets Held by Madison Community Foundation	1,574,463	-	1,574,463
Investments Restricted for Endowment	1,668,608	-	1,668,608
Property and Equipment, Net	5,553,790	127,040,455	132,594,245
Total Long-Term Assets	9,313,961	127,040,455	136,354,416
 Total Assets	\$ 36,201,318	\$ 127,040,455	\$ 163,241,773
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 300,169	\$ -	\$ 300,169
Accrued Liabilities	1,274,887	-	1,274,887
Unearned Revenue	12,271,760	-	12,271,760
Notes Payable, Current Portion	115,143	-	115,143
Total Current Liabilities	13,961,959	-	13,961,959
LONG-TERM LIABILITIES			
Notes Payable, Net of Current Portion	407,991	-	407,991
Total Liabilities	14,369,950	-	14,369,950
NET ASSETS			
Without Donor Restrictions	17,150,360	127,040,455	144,190,815
With Donor Restrictions	4,681,008	-	4,681,008
Total Net Assets	21,831,368	127,040,455	148,871,823
 Total Liabilities and Net Assets	\$ 36,201,318	\$ 127,040,455	\$ 163,241,773

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	Consolidated Total
	Overture Center Foundation	Overture Development Corporation	Total	Overture Center Foundation	
OPERATIONS					
Operating Revenue:					
Ticket Sales and Fees	\$ 20,234,758	\$ -	\$ 20,234,758	\$ -	\$ 20,234,758
Facility Rentals and Services	2,290,096	-	2,290,096	-	2,290,096
Investment Income, Net	210,064	-	210,064	-	210,064
Other Revenue	1,833,309	-	1,833,309	-	1,833,309
Total Operating Revenue	<u>24,568,227</u>	<u>-</u>	<u>24,568,227</u>	<u>-</u>	<u>24,568,227</u>
OPERATING EXPENSES					
Production	16,265,999	-	16,265,999	-	16,265,999
Programming, Performance Operations, and Events	2,608,012	-	2,608,012	-	2,608,012
Ticketing, Marketing, and Sales	1,979,715	-	1,979,715	-	1,979,715
Facilities	2,871,691	-	2,871,691	-	2,871,691
Management and General	2,073,610	-	2,073,610	-	2,073,610
Total Operating Expenses	<u>25,799,027</u>	<u>-</u>	<u>25,799,027</u>	<u>-</u>	<u>25,799,027</u>
LOSS FROM OPERATIONS	(1,230,800)	-	(1,230,800)	-	(1,230,800)
FUNDRAISING					
Contributions	1,306,484	-	1,306,484	230,425	1,536,909
In-Kind Contributions	157,062	-	157,062	-	157,062
Grants and Sponsorships	670,628	-	670,628	167,139	837,767
Fundraising Expense	(973,600)	-	(973,600)	-	(973,600)
Net Assets Released from Restrictions	615,082	-	615,082	(615,082)	-
Total Fundraising	<u>1,775,656</u>	<u>-</u>	<u>1,775,656</u>	<u>(217,518)</u>	<u>1,558,138</u>
OTHER INCOME (EXPENSE)					
Change in Value of Beneficial Interest in Assets Held by Madison Community Foundation	-	-	-	(87,954)	(87,954)
Investment Income, Net	30,773	-	30,773	103,514	134,287
City of Madison Support Grant	1,847,500	-	1,847,500	-	1,847,500
Depreciation Expense	(704,232)	(3,231,785)	(3,936,017)	-	(3,936,017)
Interest Expense	(12,998)	-	(12,998)	-	(12,998)
Total Other Income (Expense)	<u>1,161,043</u>	<u>(3,231,785)</u>	<u>(2,070,742)</u>	<u>15,560</u>	<u>(2,055,182)</u>
CHANGE IN NET ASSETS	1,705,899	(3,231,785)	(1,525,886)	(201,958)	(1,727,844)
Net Assets - Beginning of Year	<u>17,150,360</u>	<u>127,040,455</u>	<u>144,190,815</u>	<u>4,681,008</u>	<u>148,871,823</u>
NET ASSETS - END OF YEAR	<u>\$ 18,856,259</u>	<u>\$ 123,808,670</u>	<u>\$ 142,664,929</u>	<u>\$ 4,479,050</u>	<u>\$ 147,143,979</u>

OVERTURE CENTER FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor	Consolidated
	Overture	Overture	Total	Restrictions	
	Center	Development		Overture	
	Foundation	Corporation		Center	Total
				Foundation	
OPERATIONS					
Operating Revenue:					
Ticket Sales and Fees	\$ 8,281,797	\$ -	\$ 8,281,797	\$ -	\$ 8,281,797
Facility Rentals and Services	1,477,101	-	1,477,101	-	1,477,101
Investment Income, Net	20,207	-	20,207	-	20,207
Other Revenue	637,032	-	637,032	-	637,032
Total Operating Revenue	<u>10,416,137</u>	<u>-</u>	<u>10,416,137</u>	<u>-</u>	<u>10,416,137</u>
OPERATING EXPENSES					
Production	6,578,275	-	6,578,275	-	6,578,275
Programming, Performance Operations, and Events	2,296,115	-	2,296,115	-	2,296,115
Ticketing, Marketing, and Sales	1,525,068	-	1,525,068	-	1,525,068
Facilities	2,313,024	-	2,313,024	-	2,313,024
Management and General	1,840,045	-	1,840,045	-	1,840,045
Total Operating Expenses	<u>14,552,527</u>	<u>-</u>	<u>14,552,527</u>	<u>-</u>	<u>14,552,527</u>
LOSS FROM OPERATIONS	(4,136,390)	-	(4,136,390)	-	(4,136,390)
FUNDRAISING					
Contributions	1,400,563	-	1,400,563	772,838	2,173,401
In-Kind Contributions	146,485	-	146,485	-	146,485
Grants and Sponsorships	836,943	-	836,943	703,502	1,540,445
Fundraising Expense	(793,797)	-	(793,797)	-	(793,797)
Net Assets Released from Restrictions	581,588	-	581,588	(581,588)	-
Total Fundraising	<u>2,171,782</u>	<u>-</u>	<u>2,171,782</u>	<u>894,752</u>	<u>3,066,534</u>
OTHER INCOME (EXPENSE)					
Change in Value of Beneficial Interest in Assets Held by Madison Community Foundation	-	-	-	(59,253)	(59,253)
Investment Income, Net	(105,340)	-	(105,340)	(226,126)	(331,466)
City of Madison Support Grant	1,550,000	-	1,550,000	-	1,550,000
Employee Retention Credits	464,952	-	464,952	-	464,952
SVOG Grant	10,000,000	-	10,000,000	-	10,000,000
Depreciation Expense	(472,897)	(3,231,786)	(3,704,683)	-	(3,704,683)
Interest Expense	(16,887)	-	(16,887)	-	(16,887)
Total Other Income (Expense)	<u>11,419,828</u>	<u>(3,231,786)</u>	<u>8,188,042</u>	<u>(285,379)</u>	<u>7,902,663</u>
CHANGE IN NET ASSETS	9,455,220	(3,231,786)	6,223,434	609,373	6,832,807
Net Assets - Beginning of Year	<u>7,695,140</u>	<u>130,272,241</u>	<u>137,967,381</u>	<u>4,071,635</u>	<u>142,039,016</u>
NET ASSETS - END OF YEAR	<u>\$ 17,150,360</u>	<u>\$ 127,040,455</u>	<u>\$ 144,190,815</u>	<u>\$ 4,681,008</u>	<u>\$ 148,871,823</u>



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