

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Victoria Theatre Association and Affiliates
dba Dayton Live
Dayton, Ohio

Opinion

We have audited the accompanying consolidated financial statements of **Victoria Theatre Association and Affiliates dba Dayton Live** (the "Association", a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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 **Victoria Theatre Association and Affiliates dba Dayton Live** as of June 30, 2025 and 2024, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association 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 Consolidated Financial Statements

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

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

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.



Dayton, Ohio
November 12, 2025

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Programming	\$ 13,786,231	\$ -	\$ 13,786,231
Stage rental revenue	1,025,943	-	1,025,943
Facility lease revenue	504,447	-	504,447
Contributions	1,342,409	349,668	1,692,077
Contributed nonfinancial assets	211,963	-	211,963
Sponsorship revenue	479,351	-	479,351
Ticket center	2,907,540	-	2,907,540
Food service	1,749,638	-	1,749,638
Garage	1,248,187	-	1,248,187
Other revenues	122,795	-	122,795
Net assets released from restrictions	684,250	(684,250)	-
Total operating revenue and support	24,062,754	(334,582)	23,728,172
OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION			
Programming	14,280,559	-	14,280,559
Stage	881,481	-	881,481
Facility	1,817,264	-	1,817,264
Development	689,348	-	689,348
Administration	2,153,169	-	2,153,169
Ticket center	1,145,713	-	1,145,713
Food service	1,583,863	-	1,583,863
Garage	355,546	-	355,546
Total operating expenses	22,906,943	-	22,906,943
NET OPERATING INCOME (LOSS)	1,155,811	(334,582)	821,229
NON-OPERATING REVENUE			
Capital Campaign, net of costs	3,329,186	5,108,242	8,437,428
Investment income	336,385	-	336,385
Change in value in beneficial interest	1,668,731	-	1,668,731
Total non-operating revenue	5,334,302	5,108,242	10,442,544
CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION	6,490,113	4,773,660	11,263,773
DEPRECIATION AND AMORTIZATION	3,477,060	-	3,477,060
CHANGE IN NET ASSETS	3,013,053	4,773,660	7,786,713
NET ASSETS			
Beginning of year	69,573,181	1,228,750	70,801,931
End of year	\$ 72,586,234	\$ 6,002,410	\$ 78,588,644

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Programming	\$ 11,689,320	\$ -	\$ 11,689,320
Stage rental revenue	996,322	-	996,322
Facility lease revenue	391,546	-	391,546
Contributions	1,615,840	27,500	1,643,340
Contributed nonfinancial assets	229,326	-	229,326
Sponsorship revenue	510,083	-	510,083
Ticket center	2,790,695	-	2,790,695
Food service	1,755,892	-	1,755,892
Garage	1,653,726	-	1,653,726
Other revenues	204,537	-	204,537
Net assets released from restrictions	62,500	(62,500)	-
Total operating revenue and support	21,899,787	(35,000)	21,864,787
OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION			
Programming	12,504,639	-	12,504,639
Stage	985,950	-	985,950
Facility	1,645,996	-	1,645,996
Development	665,728	-	665,728
Administration	1,929,636	-	1,929,636
Ticket center	1,233,678	-	1,233,678
Food service	1,512,644	-	1,512,644
Garage	346,811	-	346,811
Total operating expenses	20,825,082	-	20,825,082
NET OPERATING INCOME (LOSS)	1,074,705	(35,000)	1,039,705
NON-OPERATING REVENUE			
Capital Campaign, net of costs	1,166,304	1,041,250	2,207,554
Investment income	351,017	-	351,017
Change in value in beneficial interest	1,578,760	-	1,578,760
Total non-operating revenue	3,096,081	1,041,250	4,137,331
CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION	4,170,786	1,006,250	5,177,036
DEPRECIATION AND AMORTIZATION	3,173,968	-	3,173,968
CHANGE IN NET ASSETS	996,818	1,006,250	2,003,068
NET ASSETS			
Beginning of year	68,576,363	222,500	68,798,863
End of year	\$ 69,573,181	\$ 1,228,750	\$ 70,801,931

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2025

	Programming and Stage	Facility	Ticket Center	Food Service	Garage	Total
Wages, taxes and benefits	\$ 3,378,437	\$ 1,052,984	\$ 723,022	\$ 230,618	\$ 71,365	\$ 5,456,426
Production cost	8,525,913	-	-	-	-	8,525,913
Advertising and promotion	1,252,560	-	-	-	-	1,252,560
Professional services	155,742	25,362	500,775	34,289	10,296	726,464
Cost of goods sold	-	-	-	255,106	-	255,106
Occupancy costs	1,205,433	78,939	41,461	2,883	26,019	1,354,735
Repairs and maintenance	140,074	623,185	45,101	11,701	32,266	852,327
Supplies	197,606	30,057	18,784	6,285	4,063	256,795
Meetings and travel	157,414	-	11,442	424	-	169,280
Other	<u>148,861</u>	<u>6,737</u>	<u>(194,872)</u>	<u>13,215</u>	<u>9,065</u>	<u>(16,994)</u>
Total functional expenses before depreciation and amortization	15,162,040	1,817,264	1,145,713	554,521	153,074	18,832,612
Depreciation and amortization	<u>2,365,860</u>	<u>494,789</u>	<u>43,464</u>	<u>16,982</u>	<u>128,244</u>	<u>3,049,339</u>
Total Functional Expenses	<u>\$ 17,527,900</u>	<u>\$ 2,312,053</u>	<u>\$ 1,189,177</u>	<u>\$ 571,503</u>	<u>\$ 281,318</u>	<u>\$ 21,881,951</u>

See notes to consolidated financial statements.

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2024

	Programming and Stage	Facility	Ticket Center	Food Service	Garage	Total
Wages, taxes and benefits	\$ 3,306,303	\$ 978,739	\$ 710,000	\$ 199,831	\$ 46,886	\$ 5,241,759
Production cost	6,989,906	-	-	-	-	6,989,906
Advertising and promotion	1,239,798	-	-	-	-	1,239,798
Professional services	154,045	9,871	570,678	30,080	4,378	769,052
Cost of goods sold	-	-	-	244,894	-	244,894
Occupancy costs	1,095,123	28,632	44,441	2,564	18,798	1,189,558
Repairs and maintenance	185,707	531,777	26,907	8,995	25,977	779,363
Supplies	240,309	45,916	23,715	25,003	4,517	339,460
Meetings and travel	143,114	10,070	14,178	413	-	167,775
Other	<u>136,284</u>	<u>(41,620)</u>	<u>(156,241)</u>	<u>9,218</u>	<u>19,984</u>	<u>(32,375)</u>
Total functional expenses before depreciation and amortization	13,490,589	1,563,385	1,233,678	520,998	120,540	16,929,190
Depreciation and amortization	<u>2,195,430</u>	<u>312,369</u>	<u>51,082</u>	<u>15,300</u>	<u>95,778</u>	<u>2,669,959</u>
Total Functional Expenses	<u>\$ 15,686,019</u>	<u>\$ 1,875,754</u>	<u>\$ 1,284,760</u>	<u>\$ 536,298</u>	<u>\$ 216,318</u>	<u>\$ 19,599,149</u>

See notes to consolidated financial statements.

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2025

	<u>Development</u>	<u>Administration</u>	<u>Food Service</u>	<u>Garage</u>	<u>Total</u>
Wages, taxes and benefits	\$ 529,308	\$ 1,238,349	\$ 423,946	\$ 94,380	\$ 2,285,983
Advertising and promotion	-	-	7,579	-	7,579
Professional services	72,680	654,486	28,427	13,615	769,208
Cost of goods sold	-	-	401,495	-	401,495
Occupancy costs	1,100	106,231	97,831	34,410	239,572
Repairs and maintenance	527	56,758	24,702	42,673	124,660
Supplies	16,979	16,297	43,912	5,373	82,561
Meetings and travel	27,128	46,919	-	-	74,047
Other	<u>41,626</u>	<u>34,129</u>	<u>1,450</u>	<u>12,021</u>	<u>89,226</u>
Total functional expenses before depreciation and amortization	689,348	2,153,169	1,029,342	202,472	4,074,331
Depreciation and amortization	<u>-</u>	<u>120,789</u>	<u>137,328</u>	<u>169,604</u>	<u>427,721</u>
Total Functional Expenses	<u>\$ 689,348</u>	<u>\$ 2,273,958</u>	<u>\$ 1,166,670</u>	<u>\$ 372,076</u>	<u>\$ 4,502,052</u>

VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2024

	<u>Facility</u>	<u>Development</u>	<u>Administration</u>	<u>Food Service</u>	<u>Garage</u>	<u>Total</u>
Wages, taxes and benefits	\$ -	\$ 526,263	\$ 1,017,410	\$ 389,387	\$ 87,946	\$ 2,021,006
Advertising and promotion	3,691	7,146	-	7,725	-	18,562
Professional services	3,809	73,769	632,855	34,150	8,213	752,796
Cost of goods sold	-	-	-	401,723	-	401,723
Occupancy costs	56,222	1,160	90,830	85,102	35,428	268,742
Repairs and maintenance	10,146	374	53,720	20,511	48,725	133,476
Supplies	-	20,010	56,383	45,856	8,472	130,721
Meetings and travel	-	12,935	28,976	4,896	-	46,807
Other	<u>8,743</u>	<u>24,071</u>	<u>49,462</u>	<u>2,296</u>	<u>37,487</u>	<u>122,059</u>
Total functional expenses before depreciation and amortization	82,611	665,728	1,929,636	991,646	226,271	3,895,892
Depreciation and amortization	<u>67,222</u>	<u>-</u>	<u>118,558</u>	<u>138,577</u>	<u>179,652</u>	<u>504,009</u>
Total Functional Expenses	<u>\$ 149,833</u>	<u>\$ 665,728</u>	<u>\$ 2,048,194</u>	<u>\$ 1,130,223</u>	<u>\$ 405,923</u>	<u>\$ 4,399,901</u>

See notes to consolidated financial statements.

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,613,656	\$ 9,592,891
Accounts receivable - trade	216,094	125,060
Pledges receivable	1,696,385	403,903
Inventories	40,633	38,830
Prepaid expenses	<u>334,466</u>	<u>336,031</u>
Total current assets	12,901,234	10,496,715
DEPOSIT	50,000	50,000
INVESTMENTS	610,040	614,883
LAND, BUILDING AND EQUIPMENT, NET	50,474,668	49,592,268
BENEFICIAL INTEREST IN ASSETS HELD BY THE DAYTON FOUNDATION	19,300,490	17,631,759
OPERATING LEASE RIGHT-OF-USE ASSET	333,704	430,130
LONG-TERM PLEDGES RECEIVABLE	<u>2,767,948</u>	<u>150,000</u>
	<u>\$ 86,438,084</u>	<u>\$ 78,965,755</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,132,308	\$ 557,714
Accrued expenses	868,344	750,833
Current operating lease liabilities	99,980	95,024
Deferred revenue	5,454,669	6,366,134
Other liabilities	<u>50,000</u>	<u>50,000</u>
Total current liabilities	7,605,301	7,819,705
LONG-TERM OPERATING LEASE LIABILITIES	<u>244,139</u>	<u>344,119</u>
Total liabilities	<u>7,849,440</u>	<u>8,163,824</u>
NET ASSETS		
Without donor restrictions	72,586,234	69,573,181
With donor restrictions	<u>6,002,410</u>	<u>1,228,750</u>
	<u>78,588,644</u>	<u>70,801,931</u>
	<u>\$ 86,438,084</u>	<u>\$ 78,965,755</u>

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 7,786,713	\$ 2,003,068
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	3,477,060	3,173,968
Net present value adjustments	262,052	-
Gain on investments in shows	(12,577)	-
Change in value of beneficial interest in assets held by The Dayton Foundation	(1,668,731)	(1,578,760)
Amortization of right-of-use assets	<u>96,426</u>	<u>93,735</u>
	9,940,943	3,692,011
Changes in operating assets and liabilities:		
Accounts receivable - trade	(91,034)	(32,575)
Pledges receivable	(4,172,482)	(384,391)
Inventories	(1,803)	5,558
Prepaid expenses	1,565	(92,084)
Accounts payable	574,594	(163,050)
Accrued expenses	117,511	(40,525)
Operating lease liabilities	(95,024)	(90,250)
Deferred revenue	(911,465)	2,611,502
Other liabilities	<u>-</u>	<u>(21,400)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>5,362,805</u>	<u>5,484,796</u>
INVESTING ACTIVITIES		
Purchases of land, building and equipment	(4,359,460)	(2,847,517)
Proceeds from investments in shows	118,862	147,836
Purchases of investments in shows	(101,442)	(169,779)
Net additions to beneficial interest in assets held by The Dayton Foundation	<u>-</u>	<u>(3,000,500)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(4,342,040)</u>	<u>(5,869,960)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,020,765	(385,164)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>9,592,891</u>	<u>9,978,055</u>
End of year	<u>\$ 10,613,656</u>	<u>\$ 9,592,891</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Victoria Theatre Association and Affiliates dba Dayton Live (the "Association") manages performing arts and parking facilities and provides theatrical programming to the broadest possible audiences in the Dayton, Ohio region. The Association is supported by its theatrical ticket sales, corporate sponsors, individual donations, government and private grants, and non-theatrical business revenue that includes parking, restaurant, catering, performance bars, venue rentals, ticketing services and leasing of commercial office and retail space.

On January 1, 2005, The Art Center Foundation (the "Foundation") became 100% owner of Second & Main, Ltd. ("SAM"), which was originally established for the sole purpose of building the Schuster Center and the Performance Place Tower (the "Tower") and to sell the business and residential units of the Tower. During 2025, control of the Tower was transferred to the Foundation, along with the entirety of SAM's net asset position. Effective August 7, 2025, SAM was legally dissolved.

On July 1, 2006, the Foundation and its subsidiaries, which include ACF Parking, Ltd., ACF Services, Ltd. and Second and Main, Ltd., became a Type II supporting organization to the Victoria Theatre Association. All operations for the Foundation and the subsidiaries of ACF Parking, Ltd. and ACF Services, Ltd. were transferred to and became the responsibility of the Victoria Theatre Association. ACF Services, Ltd. ownership transferred from the Foundation to the Association. The Foundation no longer has employees. The operations for the subsidiary of Second and Main, Ltd. continue to be operated by the management of the Victoria Theatre Association, but separate from the rest of the Foundation and were not combined with the operations of Victoria Theatre Association. The Foundation continues to be the owner of the Victoria Theatre, Metropolitan Arts Center, Benjamin & Marian Schuster Performing Arts Center, and the Arts Garage at Second & Ludlow. As a result of the reorganization, the Victoria Theatre Association and the Foundation have one common board and management team that directs the activity of both organizations and allows for the issuing of a consolidated audited financial statement. All significant intercompany balances and transactions have been eliminated.

On April 9, 2018, the Association entered into a 10-year lease and opened the PNC Arts Annex on the corner of Second & Ludlow streets in downtown Dayton. The Annex includes a 130-person theatre and adjoining studio space for arts education and event rentals.

Net Asset Classification - Management has determined that the majority of the Association's net assets meet the definition of endowment under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Association is governed subject to the governing documents for the Association, and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Association. Under the terms of the governing documents, the Board of Trustees has the ability to distribute as much of the corpus of some specific endowment funds, or separate gift, devise, bequest, or fund, as the Board in its sole discretion shall determine.

In accordance with UPMIFA, the Association 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 the Association and the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Association.
7. The investment policies of the Association.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

As a result of the ability to distribute corpus from some specific endowment funds, the Board of Trustees has determined that these contributions received subject to the governing document, and subject to UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded as with or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will, at some future time, become available for spending, it is recorded as with donor restrictions. In addition, contributions that are promised to be given in a future period are presented as with donor restrictions. If the corpus never becomes available for spending, it will be reported as net assets with donor restrictions which are perpetual in nature. Net assets with donor restrictions that are perpetual in nature represent the fair value of the original gift as of the gift date, and the original value of subsequent gifts to donor-restricted endowment funds.

Net assets without donor restrictions includes donations, gifts, and bequests available for the use of the Association, over which the Board of Trustees has discretionary control. The bylaws of the Association include a variance provision on the income of endowed gifts, giving the Board of Trustees the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to a specified organization if, in its sole judgment, the Board determines that the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

Financial Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations - The Association places its cash with high credit quality financial institutions. At various times throughout the year, at least one financial institution account was in excess of NCUA insurance limits of \$250,000 for interest and non-interest bearing accounts.

The Association is under contract with the International Alliance of Theatrical Stage Employee ("IATSE") Local No. 66 for stagehand employees for all performances they present (see Note 8).

Contributions and Support - In accordance with accounting standards, contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is 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. Contributions received with donor restrictions that are met in the same reporting period are reported as net assets without donor restrictions and increases in net assets without donor restrictions.

The Association receives conditional funding from various governmental grants. This funding is recognized as the Association meets the donor-imposed conditions, which generally represent incurring allowable costs related to the improvements of the Association's facilities in furtherance of its mission. The Association had \$435,000 of unrecognized conditional promises to give at June 30, 2024. There were no unrecognized conditional promises to give at June 30, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributed Nonfinancial Assets - Significant services and materials are donated to the Association by various individuals and companies. Donated materials are recorded at fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Association. In addition to the recorded contributions, a substantial number of volunteers have donated significant amounts of their time to the Association's program services and fundraising activities. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying consolidated financial statements.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The main expenses that are allocated include salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort; occupancy and related costs, which are allocated on the basis of square footage occupied; and professional services, advertising and promotion, which are allocated on the basis of actual utilization as well as estimates of time and effort.

Cash and Cash Equivalents - Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents.

Pledges Receivable - 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 one or more years are discounted to present value. Conditional promises to give are recorded only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable - The Association recognizes an allowance for losses on receivables in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Association assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in operating expenses. Management deemed an allowance for expected credit losses to not be material at June 30, 2025 and 2024. The Association recognized \$16,922 and \$3,396 of credit loss expense related to accounts receivable for the years 2025 and 2024.

The Association writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be offset against expense in the year of recovery.

Inventories - Food and beverage inventories are valued at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method.

Real estate held for sale is recorded at the lower of cost or net realizable value and consists of the remaining unsold unit of the Performance Place residential and office tower. The fair market value was determined by applying the most recent appraisal of the condominium unit, as well as management's best judgment. As of June 30, 2025 and 2024, the fair market value of the unsold unit was \$1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Land, Building and Equipment - Land, building and equipment are stated at cost, less accumulated depreciation and amortization. The Association capitalizes purchased or donated property and equipment when the cost or fair value, respectively, is \$5,000 or more and its estimated useful life exceeds one year. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets, ranging from 3 to 40 years. Donated materials and equipment are reflected as contributions in the accompanying consolidated statements at their estimated values at the date of receipt. Depreciation and amortization expense for fiscal years 2025 and 2024 was \$3,477,060 and \$3,173,968.

The Association reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2025 and 2024.

Leases - The Association leases a performance space. The Association determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities and long-term operating lease liabilities on the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Association's lease does not provide an implicit rate, it uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Investments - In accordance with accounting standards, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position.

Unrealized appreciation and depreciation on investments shall be reported in the consolidated statements of activities as increases or decreases in support and revenue unless their use is restricted by explicit donor stipulations or by law.

Deferred Revenue - Revenue from tickets sold for future performances or shows, program book advertising and gift certificates are deferred and recognized in the year the performance takes place. Ticket sales are reported net of discounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Endowment Investment and Spending Policies - The Association's investment and spending policies for endowment assets attempt to preserve the real purchasing power of the assets, and provide a growing stream of income to be made available for spending and keeping pace with inflation in order to sustain the operations of the Association. The strategy of the Association is to invest in securities with higher return expectations that outweigh their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. The long-term target rate of return expectation for the Association is 8% on an annualized basis over a five-year time horizon.

The primary objective for the investment of the Association's assets will be to generate sufficient long-term growth of capital, without undue exposure to risk, to provide a sustainable level of spending distributions, as well as enhance the real purchasing power of the investments. The objectives shall be accomplished utilizing a balanced strategy of equities and fixed income based upon a mix which is intended to provide for real growth, net of inflation and investment fees.

The Association's spending policy for one of the endowments is determined by a total return system. The amount to be spent in the coming year is calculated each March 31 and is reviewed and approved by The Dayton Foundation's Governing Board annually. The calculation is based on a 12-quarter moving average of the market value of the total fund, multiplied by an amount not to exceed 4%. The rest of the endowment funds spending policies involve a process of the finance committee identifying the need, and approval from the endowment committee and full board.

Advertising Expense - Publicity and promotional costs are expensed as incurred, except for direct-response advertising, which is capitalized as part of deferred charges and expensed in the subsequent year. Direct-response advertising consists primarily of mail solicitations for subsequent year subscription series.

At June 30, 2025 and 2024, \$43,898 and \$81,452 of advertising costs were reported as prepaid assets. Advertising expense was \$1,260,139 and \$1,258,360 for the years 2025 and 2024. Included in this expense, the Association has recorded trade donations for program advertising rendered in the amount of \$147,863 and \$184,698 for the years 2025 and 2024.

Tax-Exempt Status - The Association and Foundation are operated as nonprofit organizations and are tax-exempt under IRS Code Section 501(c)(3). The Association and Foundation are exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The parking garage, food services, and sale of real estate income is considered unrelated business income. As related expenses exceeded the income, or net operating losses were utilized if income exceeded expenses, no provision for income taxes has been accrued. As nonprofit organizations, the Association and Foundation are also exempt from Federal unemployment tax, Ohio sales tax, and Ohio commercial activity tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for Uncertainty in Income Taxes - The Association has adopted accounting rules that prescribe when to recognize, and how to measure the financial statement effects of income tax positions taken, or expected to be taken, on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdiction, those income tax positions would be sustained. Based on that evaluation, the Association only recognizes the maximum benefit of each income tax position that is more than 50% likely to be sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses. The Association has net operating losses totaling \$5,570,364 and \$5,896,620 available for carryforward to offset future taxes at June 30, 2025 and 2024.

Based on its review, management does not believe the Association has taken any material uncertain tax positions, including any position that would place the Association's exempt status in jeopardy as of June 30, 2025 and 2024.

Subsequent Events - In preparing these consolidated financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 12, 2025, the date the consolidated financial statements were available to be issued.

NOTE 2 - REVENUE RECOGNITION

The Association derives its revenue primarily from theatrical ticket sales, corporate sponsorships, individual donations, government and private grants, and investment income, as well as non-theatrical business revenue that includes parking, catering, performance bars, venue rentals, ticketing services and the leasing of commercial office and retail space. Revenue subject to ASC Topic 606 includes theatrical ticket sales, corporate sponsorships, parking, catering, performance bars, venue rentals, and ticketing services.

For single-performance ticket sales, daily/event parking, catering, performance bars, venue rentals, and ticketing services, revenue is recognized at a point in time when the service has been provided to the customer, which is when the performance has taken place or the relevant service has been provided, in an amount that reflects the consideration the Association expects to be entitled to in exchange. Performance ticket sales and prepaid daily/event parking are recorded as deferred revenue until the performance obligation has been rendered, at which time revenue is recognized.

Revenue from performance obligations satisfied over time consists of subscription ticket sales for multiple performances, corporate sponsorships, and monthly parking. Revenue from these activities are recognized ratably as shows are performed, over the durations of the sponsorship contracts, and as the relevant month for which parking has been purchased elapses. Sales related to these revenue streams are recorded as deferred revenue until performance obligations have been satisfied.

Incidental items that are immaterial in the context of the contract are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year. The nature of the Association's business does not give rise to variable consideration. The Association does not have any significant financing components.

The contract balances at June 30, 2025 and 2024 are presented on the consolidated statements of financial position. At July 1, 2023, contract balances included trade receivables of \$92,485 and deferred revenue of \$3,754,632.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION - CONTINUED

Performance Obligations

For performance obligations related to single-performance ticket sales, certain ticketing services, and prepaid daily/event parking, control transfers to the customer at a point in time. As such, the Association records deferred revenue for these sales if they are purchased ahead of time and recognizes revenue when the relevant performance, event, or purchased day occurs. Revenue from single-performance tickets, daily parking, catering, performance bars, venue rentals, and certain ticketing services are recognized at a point in time, which is either when control of the goods transfers to the customer or the performance or ticketing service has been rendered.

For performance obligations related to subscription performance ticket sales, corporate sponsorships, and monthly parking, control transfers to the customer over time. Subscription performance ticket sales provide the customer access to multiple performances throughout the Association's season. Most sales occur prior to the performance taking place, and as such, the Association records deferred revenue for these sales. Revenue from subscription performance ticket sales is recognized when the service is provided, which is over the period when the season's performances are experienced by the customer. Revenue from corporate sponsorships and monthly parking are recognized ratably as services are provided over the duration of the contracts with customers, which vary in length.

Revenue

Revenue recognized from performance obligations satisfied at a point in time and over time for 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Performance obligations satisfied at a point in time	\$ 15,533,482	\$ 14,919,161
Performance obligations satisfied over time	<u>5,786,203</u>	<u>4,681,414</u>
	<u>\$ 21,319,685</u>	<u>\$ 19,600,575</u>

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Association's financial assets as of the consolidated statements of financial position dates, reduced by amounts not available for general use within one year of the consolidated statements of financial position dates because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as endowments which include board designated endowments. These board designations could be drawn upon if the Board of Trustees approves that action.

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - LIQUIDITY AND AVAILABILITY - CONTINUED

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 10,613,656	\$ 9,592,891
Accounts receivable - trade	216,094	125,060
Pledges receivable	4,464,333	553,903
Investments	610,040	614,883
Beneficial interest in assets held by The Dayton Foundation	<u>19,300,490</u>	<u>17,631,759</u>
 Total financial assets	 35,204,613	 28,518,496
 Less those unavailable for general expenditure within one year due to:		
Beneficial interest in assets held by The Dayton Foundation less the next year's approved draw	(19,094,417)	(17,463,136)
Cash and pledges receivable restricted for purpose of Capital Campaign	(5,532,742)	(1,081,250)
Pledges receivable collectible beyond one year	(130,000)	-
Investments	<u>(610,040)</u>	<u>(614,883)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 9,837,414</u>	 <u>\$ 9,359,227</u>

In addition to financial assets available to meet general expenditures over the year, the Association anticipates covering its general expenditures by collecting public support and earned revenue, utilizing donor-restricted resources from current gifts and appropriating the return on its investment portfolio.

The endowments consist of \$120,000 of donor-restricted funds which are part of the Association's beneficial interest in assets held by The Dayton Foundation. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use and the Association's mission. Donor-restricted endowment funds are not available for general expenditure.

Of the total beneficial interest in assets held at by The Dayton Foundation, included in the financial assets above, \$19,180,490 and \$17,511,759 is considered board designated at June 30, 2025 and 2024. The Association is annually authorized to spend a portion of the beneficial interest in assets held by The Dayton Foundation, subject to The Dayton Foundation's spending policies. The purpose of the spending policy is to fund programs provided by the Association that are important to the community, and do not otherwise have available funding. The board-designated portion of the total beneficial interest in assets held by The Dayton Foundation is also available to the Association in the event of a downturn in revenue or to temporarily fund new ventures, should the Board of Trustees elect to do so.

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LEASING ACTIVITIES

The Association is the lessor of office space in the Metropolitan Arts Center, Victoria Theatre, and Performance Place Tower under operating leases. All intercompany lease income has been eliminated upon consolidation.

Minimum rentals for future years, excluding intercompany rentals, on noncancellable operating leases total \$332,129. The leases expire on June 30, 2026, and will automatically renew annually if no notice is sent.

The Association entered into an operating lease agreement for the Arts Annex in April 2018. The agreement expires in September 2028, with a renewal option for an additional five year period. Monthly payments range from \$7,825 to \$9,538 beginning in October 2018.

The following summarizes the weighted average remaining operating lease term and discount rate as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term		
Operating leases	3.25 years	4.25 years
Weighted Average Discount Rate		
Operating leases	2.91%	2.91%

The maturities of operating lease liabilities as of June 30, 2025 are as follows:

2026	\$ 108,396
2027	110,564
2028	112,775
2029	<u>28,615</u>
Total lease payments	360,350
Less interest	<u>(16,231)</u>
Present value of lease liabilities	<u>\$ 344,119</u>

The following summarizes the line items in the consolidated statement of activities which include the components of lease expense for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease expense allocated to functional expenses	<u>\$ 107,672</u>	<u>\$ 107,672</u>

The following summarizes cash flow information related to leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	<u>\$ 106,270</u>	<u>\$ 104,187</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - REAL ESTATE SALES

Sales of office and residential condominium units by Second & Main Ltd. are recorded when the sale is consummated, the buyer has demonstrated a commitment to pay, the seller's receivable is not subject to future subordination, the seller has transferred the risks and rewards of ownership and does not have a substantial continuing involvement with the property. Real estate under development is then reduced by an amount calculated as a percentage of the square foot sold to the total project square foot, applied to the total costs of the project. Selling expenses are charged to expense as incurred. There were no sales in fiscal years 2025 or 2024.

NOTE 6 - CONTRIBUTED NONFINANCIAL ASSETS

	<u>2025</u>	<u>2024</u>
Printing, publicity, and promotion	\$ 147,863	\$ 180,694
Professional services	<u>64,100</u>	<u>48,632</u>
	<u>\$ 211,963</u>	<u>\$ 229,326</u>

The Association recognized contributed nonfinancial assets within revenue and support, including contributed printing, publicity, promotion, and various professional services performed on behalf of the Association. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed printing, publicity, and promotion recognized consist of various print, digital, television and radio advertising provided to the Association for their programming. Contributed printing, publicity, and promotion are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar advertising services.

Contributed professional services consist of services rendered to the Association for its programs and facilities maintenance. Contributed professional services are valued and are reported at the estimated fair value in the consolidated financial statements based on the typical rates charged for these services by the providing vendors.

NOTE 7 - EMPLOYEE BENEFIT PLAN

Substantially all employees are covered under a 403(b) defined contribution plan (the "Plan"). The Plan allows for annual discretionary contributions from the Association. For the years 2025 and 2024, the Association expensed \$78,282 and \$73,386.

NOTE 8 - STAGEHANDS' COMPENSATION AND BENEFITS

The Association is responsible for the payment of stagehands' wages, payroll taxes, and benefits for the hours that they work during the Association's performances. The terms of their employment are governed by a contract between the Association and the International Alliance of Theatrical Stage Employees ("IATSE") Local No. 66, the most recent version of which was effective through July 1, 2025. In accordance with the contract, the Association must contribute 7% of gross wages to the IATSE Local #66 Pension Fund, 11% to the IATSE Health & Insurance Fund, and 1% to the IATSE Local #66 Education Fund, all of which are defined contribution plans. For the years 2025 and 2024, the Association contributed \$208,469 and \$153,168 to these funds.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STAGEHANDS' COMPENSATION AND BENEFITS - CONTINUED

The Association and IATSE had not come to terms on a new contract by the date on which the consolidated financial statements were available to be issued, and affected employees continue to work under the provisions of the expired agreement.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions that are temporary in nature at June 30, 2025 and 2024 consist of time and purpose restrictions on pledges, Capital Campaign contributions, and sponsorships. Net assets with donor restrictions that are temporary are released by incurring expenses that satisfy the intended purpose or the occurrence of events specified by donors.

The following schedule is the assets released from restrictions for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Time restriction	\$ 27,500	\$ 62,500
Purpose restriction	<u>656,750</u>	<u>-</u>
	<u>\$ 684,250</u>	<u>\$ 62,500</u>

Net assets with donor restrictions as of June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Time restriction	\$ 349,668	\$ 27,500
Purpose restriction	5,532,742	1,081,250
Perpetual in nature	<u>120,000</u>	<u>120,000</u>
	<u>\$ 6,002,410</u>	<u>\$ 1,228,750</u>

Net assets with donor restrictions that are permanent in nature consist of donor restricted contributions to be held indefinitely, the income from which is expendable to support operating and program services.

NOTE 10 - PLEDGES RECEIVABLE

	<u>2025</u>	<u>2024</u>
Sponsorships	\$ 137,771	\$ 60,317
Annual Fund	40,439	5,060
Capital Campaign	4,492,828	434,500
General Operating	<u>55,347</u>	<u>54,026</u>
Total pledges receivable	4,726,385	553,903
Less discounts to net present value	<u>262,052</u>	<u>-</u>
Net pledges receivable	<u>\$ 4,464,333</u>	<u>\$ 553,903</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PLEDGES RECEIVABLE - CONTINUED

Pledges receivable are expected to be collected as follows:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 1,696,385	\$ 403,903
Receivable in one to five years	2,970,000	150,000
Receivable in more than five years	<u>60,000</u>	<u>-</u>
Total pledges receivable	4,726,385	553,903
Less discounts to net present value	<u>262,052</u>	<u>-</u>
Net pledges receivable	<u>\$ 4,464,333</u>	<u>\$ 553,903</u>

At June 30, 2025, the discount to present value of pledges collectible in more than one year was calculated using discount rates ranging from 4.31% to 4.58%. At June 30, 2024, the discount to present value of pledges collectible in more than one year was determined to be immaterial.

NOTE 11 - INVESTMENTS

The Association has invested in limited partnerships which are related to productions they will present. These investments in limited partnerships have been recorded at cost, which at June 30, 2025 and 2024, were \$610,040 and \$614,883. Shows no longer in production are written off by the Association. Accounting principles generally accepted in the United States of America require the disclosure of gross unrealized appreciation and depreciation of investments. This information was unavailable for the investments in limited partnerships at June 30, 2025 and 2024.

NOTE 12 - BENEFICIAL INTEREST IN ASSETS HELD BY THE DAYTON FOUNDATION

The Association has a beneficial interest in several funds held at The Dayton Foundation, a community foundation that invests and manages donors' charitable funds. The Dayton Foundation manages these funds for the benefit of the Association. The funds were established with The Dayton Foundation to provide income and support to the Association. Net income from the funds shall be available for distribution not less than annually. At its discretion, the Association may choose to reinvest the principal of the fund. Additionally, should an extraordinary need arise in an area consistent with the purpose of the fund, the Association, after the approval of its Board, may request from The Dayton Foundation an additional distribution, subject to the approval of The Dayton Foundation's Governing Board. No distributions were taken from any of these funds for the years 2025 and 2024. The Association records the beneficial interest in these funds at fair market value. The fair market value of these funds was \$19,300,490 and \$17,631,759 at June 30, 2025 and 2024.

NOTE 13 - FAIR VALUE MEASUREMENTS

Accounting standards have a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. These standards apply whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist of certain investment funds. The Association also uses fair value concepts to test various long lived assets for impairment in the event a triggering event has occurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - FAIR VALUE MEASUREMENTS - CONTINUED

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Association uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

All assets and liabilities have been valued using a market approach. The Association uses valuation techniques in a consistent manner from year-to-year.

The valuation methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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

Fair values of the Association's financial assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

2025				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Show productions	\$ 610,040	\$ -	\$ -	\$ 610,040
Beneficial interest in assets held by The Dayton Foundation	<u>19,300,490</u>	<u>-</u>	<u>-</u>	<u>19,300,490</u>
	<u>\$ 19,910,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,910,530</u>
2024				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Show productions	\$ 614,883	\$ -	\$ -	\$ 614,883
Beneficial interest in assets held by The Dayton Foundation	<u>17,631,759</u>	<u>-</u>	<u>-</u>	<u>17,631,759</u>
	<u>\$ 18,246,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,246,642</u>

There were no transfers between Levels 1, 2 and 3 investments for the years ended June 30, 2025 and 2024. The only changes that occurred during the years ended June 30, 2025 and 2024 were the change in fair value (including show production allowance), contributions, distributions, and purchases of investments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the years ended June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted and Board Designated Endowment net assets, beginning of year	\$ 17,511,759	\$ 120,000	\$ 17,631,759
Change in value in beneficial interest	1,668,731	-	1,668,731
Donor Restricted and Board Designated Endowment net assets, end of year	<u>\$ 19,180,490</u>	<u>\$ 120,000</u>	<u>\$ 19,300,490</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted and Board Designated Endowment net assets, beginning of year	\$ 12,932,499	\$ 120,000	\$ 13,052,499
Transfer of assets to beneficial interest	3,000,500	-	3,000,500
Change in value in beneficial interest	1,578,760	-	1,578,760
Donor and Board Designated Endowment net assets, end of year	<u>\$ 17,511,759</u>	<u>\$ 120,000</u>	<u>\$ 17,631,759</u>

The following is a summary of endowment net asset composition by type of fund as of June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 120,000	\$ 120,000
Board designated endowment funds	19,180,490	-	19,180,490
	<u>\$ 19,180,490</u>	<u>\$ 120,000</u>	<u>\$ 19,300,490</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 120,000	\$ 120,000
Board designated endowment funds	17,511,759	-	17,511,759
	<u>\$ 17,511,759</u>	<u>\$ 120,000</u>	<u>\$ 17,631,759</u>

**VICTORIA THEATRE ASSOCIATION AND AFFILIATES
DBA DAYTON LIVE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

The following tables summarizes all Association net assets as of June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 19,180,490	\$ 120,000	\$ 19,300,490
Non-endowment funds:			
Time restricted	-	349,668	349,668
Purpose restricted	-	5,532,742	5,532,742
Operating	53,405,744	-	53,405,744
	53,405,744	5,882,410	59,288,154
	\$ 72,586,234	\$ 6,002,410	\$ 78,588,644
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 17,511,759	\$ 120,000	\$ 17,631,759
Non-endowment funds:			
Time restricted	-	27,500	27,500
Purpose restricted	-	1,081,250	1,081,250
Operating	52,061,422	-	52,061,422
	52,061,422	1,108,750	53,170,172
	\$ 69,573,181	\$ 1,228,750	\$ 70,801,931

NOTE 15 - LAND, BUILDING AND EQUIPMENT

	2025	2024
Land and building	\$ 111,727,109	\$ 109,779,205
Equipment	19,329,121	16,681,194
Office furniture and equipment	1,694,157	1,695,864
Intangible assets	271,750	271,750
Artwork	69,896	69,896
Construction in process	893,006	1,129,377
Total cost	133,985,039	129,627,286
Less accumulated depreciation and amortization	83,510,371	80,035,018
	\$ 50,474,668	\$ 49,592,268