

BEDFORD PLAYHOUSE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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Independent Auditor's Report

**The Board of Directors
Bedford Playhouse, Inc.**

Opinion

We have audited the accompanying financial statements of Bedford Playhouse, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bedford Playhouse, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bedford Playhouse, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Organization's internal control. Accordingly, no such opinion is expressed.**
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.**
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.**

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

Report on Summarized Comparative Information

We have previously audited Bedford Playhouse, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "David J. [unclear] CPA PC".

Mount Kisco, New York
October 15, 2024

BEDFORD PLAYHOUSE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 2,100,770	\$ 1,234,560
Investments, at market value	42,926	787,263
Donations & other receivables	59,618	91,738
Prepaid expenses	34,092	45,028
Inventory	<u>31,370</u>	<u>15,365</u>
Total Current Assets	2,268,776	2,173,954
Fixed assets, net of accumulated depreciation	3,306,099	3,706,516
Operating right-of-use assets	180,766	64,312
Deposits (Note 11)	<u>260,500</u>	<u>40,500</u>
Total Assets	\$ <u>6,016,141</u>	\$ <u>5,985,282</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 149,230	\$ 114,012
Deferred revenue	12,087	27,366
Operating lease liability, current portion (Note 7)	<u>181,496</u>	<u>136,474</u>
Total Current Liabilities	<u>342,813</u>	<u>277,852</u>
Net Assets:		
Without donor restrictions	5,660,397	5,698,180
With donor restrictions	<u>12,931</u>	<u>9,250</u>
Total Net Assets	<u>5,673,328</u>	<u>5,707,430</u>
Total Liabilities and Net Assets	\$ <u>6,016,141</u>	\$ <u>5,985,282</u>

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

BEDFORD PLAYHOUSE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

(With Summarized Comparative Information for the Year Ended December 31, 2022)

	2023			2022 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support & Other Revenue:				
Contributions, grants and pledges	\$ 771,916	\$ 11,775	\$ 783,691	\$ 690,953
Government grants		35,000	35,000	49,500
Fundraising event, net of direct costs of \$167,912 in 2023 and \$1,249 in 2022	54,072		54,072	19,022
Ticket sales	856,971		856,971	635,387
Concession sales	228,352		228,352	194,197
Café sales	201,984		201,984	180,801
Rental income	125,351		125,351	100,906
Membership dues	136,819		136,819	116,048
Sponsorship income	38,700		38,700	3,500
Miscellaneous income	5,918		5,918	5,736
Investment return	88,783		88,783	19,149
Donated services (Note 9)			-	12,520
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>43,094</u>	<u>(43,094)</u>	<u>-</u>	<u>-</u>
 Total Support & Other Revenue	 <u>2,551,960</u>	 <u>3,681</u>	 <u>2,555,641</u>	 <u>2,027,719</u>
 Expenses:				
Program expenses	1,877,989		1,877,989	1,778,924
Administrative expenses	395,611		395,611	566,663
Fundraising expenses	<u>316,143</u>		<u>316,143</u>	<u>168,974</u>
 Total Expenses	 <u>2,589,743</u>		 <u>2,589,743</u>	 <u>2,514,561</u>
 Increase (decrease) in Net Assets	 (37,783)	 3,681	 (34,102)	 (486,842)
 Net Assets, beginning of year	 <u>5,698,180</u>	 <u>9,250</u>	 <u>5,707,430</u>	 <u>6,194,272</u>
 Net Assets, end of year	 <u>\$ 5,660,397</u>	 <u>\$ 12,931</u>	 <u>\$ 5,673,328</u>	 <u>\$ 5,707,430</u>

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

BEDFORD PLAYHOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

(With Summarized Comparative Information for the Year Ended December 31, 2022)

	<u>2023</u>				<u>2022</u>
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
	<u>Expenses</u>	<u>Expenses</u>	<u>Expenses</u>		
Payroll:					
Salaries	\$ 503,039	\$ 124,219	\$ 129,014	\$ 756,272	\$ 863,729
Payroll taxes and benefits	59,596	14,714	15,288	89,598	126,998
Movie licensing fees	331,111			331,111	255,362
Occupancy expense	166,539	29,835		196,374	167,267
Professional fees	37,018	105,610	769	143,397	165,793
Fundraising expenses			121,417	121,417	7,040
Cost of goods sold	120,773			120,773	127,853
Credit card / ticket processing fee	86,675	2,250	10,583	99,508	70,273
Office supplies and expenses	25,887	29,693	20,364	75,944	85,436
Outside services (includes in-kind of \$0 in 2023 & \$12,520 in 2022)	642	58,259		58,901	71,846
Production & talent fees	48,978			48,978	41,361
Insurance	30,965	5,711		36,676	28,561
Repairs	26,371			26,371	31,697
Marketing and advertising	5,597	2,632	15,522	23,751	17,995
Non-film events	18,687			18,687	7,048
Cafe equipment and expenses	9,659	883	665	11,207	16,664
Printing and postage	1,939	217	2,376	4,532	6,768
Travel	985	350	145	1,480	3,140
Depreciation	<u>403,528</u>	<u>21,238</u>	<u> </u>	<u>424,766</u>	<u>419,730</u>
Total Expenses	<u>\$ 1,877,989</u>	<u>\$ 395,611</u>	<u>\$ 316,143</u>	<u>\$ 2,589,743</u>	<u>\$ 2,514,561</u>

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

BEDFORD PLAYHOUSE, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ (34,102)	\$ (486,842)
Adjustments to reconcile increase (decrease) in Net Assets to cash provided (used) by operating activities:		
Depreciation	424,766	419,730
Amortization of operating right-of-use assets	(116,454)	84,523
Donated stock	(37,466)	(24,512)
Realized and unrealized (gain) loss on investments	(31,732)	(7,344)
(Increase) decrease in donations & other receivables	32,120	(7,712)
(Increase) decrease in prepaid expenses	(209,064)	(24,925)
(Increase) decrease in inventory	(16,005)	7,958
Increase (decrease) in accounts payable and accrued expenses	35,218	(2,394)
Increase (decrease) in operating lease liabilities	45,022	(177,316)
Increase (decrease) in deferred revenue	<u>(15,279)</u>	<u>12,990</u>
Net cash provided (used) by operating activities	<u>77,024</u>	<u>(205,844)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,700,000	1,125,166
Purchase of investments	(886,465)	(1,880,574)
Purchase of fixed assets, net of disposals	<u>(24,349)</u>	<u>(21,521)</u>
Net cash provided (used) by investing activities	<u>789,186</u>	<u>(776,929)</u>
Net increase (decrease) in cash and cash equivalents	866,210	(982,773)
Cash and cash equivalents – beginning of year	<u>1,234,560</u>	<u>2,217,333</u>
Cash and cash equivalents – end of year	\$ <u>2,100,770</u>	\$ <u>1,234,560</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -0-	\$ -0-
Income taxes	\$ -0-	\$ -0-

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

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Organization:

Bedford Playhouse, Inc. (the “Organization”) was formed under the not-for-profit corporation laws of the State of New York on February 17, 2015. The Organization commenced a capital campaign to raise funds to renovate a theatre and was opened to the public in September, 2018. Their mission is to provide a vibrant cultural and social destination dedicated to screening and celebrating the best films for discerning adults and families, as well as providing a community hub for socializing, special events, and educational programs relating to film and the arts.

Note 2 – Significant Accounting Policies:

a. Basis of Accounting

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting.

b. Cash and Cash Equivalents

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

c. Investments

Investments are classified as held for investment and are stated at fair market value. Realized and unrealized gains or losses, investment income and investment fees are reflected within investment return in the statement of activities. Securities received as donations are recorded at fair market value and are generally sold immediately by the Organization.

d. Net Assets

The accompanying financial statements present information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Organization and may be used at the discretion of management and the board of directors. Net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some restrictions are temporary in nature; those restrictions that will be met by the passage of time or accomplishing the purpose restriction. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

e. Functional Expense Allocation

The 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. The expenses that are allocated include salaries and benefits, which are allocated on the basis of time and effort studies; and office and occupancy which are allocated on a square-footage basis.

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 2 – Significant Accounting Policies (continued):

f. Volunteers

The Board of Directors is made up of volunteers who donate their time to the oversight of the Organization. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

g. Use of Estimates

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

h. Reclassifications

Certain reclassifications may have been made to some prior year account balances in order to conform to current year presentation.

i. Leases

The Organization's lease portfolio primarily consists of leases for its office space and certain office equipment under operating leases. The Organization determines if an arrangement is a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Leases with an initial term of 12 months or less are not recorded on the Statement of Financial Position; the Organization recognizes expense for these leases on a straight-line basis over the lease term. For leases with an initial term in excess of 12 months, lease right-of-use assets and lease liabilities are recognized based on the present value of the future lease payments over the committed lease term at the lease commencement date. If the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate and the information available at the lease commencement date in determining the present value of future lease payments. Most leases include one or more options to renew and the exercise of renewal options is at the Organization's sole discretion. The Organization does not include renewal options in its determination of the lease term unless the renewals are deemed to be reasonably certain at lease commencement. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has lease agreements with lease and non-lease components, which the Organization elects to combine as one lease component for all classes of underlying assets. Non-lease components include variable costs based on actual costs incurred by the lessor related to the payment of storage, common area maintenance, and real estate taxes. These variable payments are expensed as incurred as variable lease costs.

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 2 – Significant Accounting Policies (continued):

j. Revenue Recognition

Income from memberships and unconditional contributions is recognized when received or pledged. Conditional promises with measurable performance obligations or other barriers and a right of return are not recognized until the conditions have been met. Grant revenue is recognized in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition when the conditions are fulfilled and when the grant expenses are incurred. Pledges receivable is stated at the amount that management expects to collect, therefore no allowance for doubtful accounts has been deemed necessary.

Sales revenue and rental income is recognized in accordance with Accounting Standards Update (“ASU”) 2014-09 Revenue from Contracts with Customers (Topic 606) at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization has assessed the credit risk associated with their receivables and has estimated the expected credit losses to be immaterial, therefore no allowance for doubtful accounts has been deemed necessary.

k. Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from New York State Franchise Tax.

The Organization adopted the provision pertaining to uncertain tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is generally no longer subject to income tax examination by the applicable taxing jurisdiction for periods prior to 2021.

l. Subsequent Events

Subsequent events have been evaluated through October 15, 2024, which is the date the financial statements were available to be issued.

Note 3 – Fair Value Measurements:

The Organization adopted the provisions pertaining to fair value measurements and disclosures which offers a framework consisting of a three-tier hierarchy of inputs to be used in determining the fair market value of assets and liabilities. The following is a summary of the fair value hierarchy of inputs: *Fair value measurements based on Level 1 inputs*: Includes quoted prices in active markets for identical assets or liabilities to which the company has access at the measurement date.

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 3 – Fair Value Measurements (continued):

Fair value measurement based on Level 2 inputs: Includes inputs other than quoted market prices that are directly or indirectly observable for the assets or liability, including quoted prices in an active market for similar assets or liabilities; quoted prices in a market that is not active for the same or similar assets or liabilities; inputs other than quoted market prices that are observable for the asset or liability.

Fair value measurement based on Level 3 inputs: Includes unobservable inputs reflecting the assumptions that a market participant would use to price the asset or liability.

U.S. Treasury Notes and common stock are valued at the closing price reported on the active market on which the individual investments are traded. The following table provides the fair value hierarchy of the Organization’s financial assets as of December 31:

<u>Level 1</u>	<u>2023</u>	<u>2022</u>
Common Stock	\$ 42,926	\$ -
U.S. Treasury Notes	<u>-</u>	<u>787,263</u>
Total	\$ <u>42,926</u>	\$ <u>787,263</u>

Note 4 – Liquidity and Availability:

The Organization is substantially supported by contributions and pledges and must maintain sufficient resources to meet those responsibilities to its donors. As part of the liquidity plan, the Organization has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due and invests excess cash in investments and money market accounts.

The following represents the financial assets that are available to meet general expenditures within one year, reduced by amounts for donor-imposed restrictions:

	<u>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 2,203,314	\$ 2,113,561
Less amounts not available to be used within one year:		
Restricted by donor with purpose restrictions	<u>(12,931)</u>	<u>(9,250)</u>
Financial assets available to meet general expenditures within one year	\$ <u>2,190,383</u>	\$ <u>2,104,311</u>

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 5 – Inventory:

The Organization's inventory consists of purchased beverages which are recorded in inventory at cost. The Organization performed a physical inventory count on December 31, 2023 and 2022 and the cost was \$31,370 and \$15,365, respectively.

Note 6 – Fixed Assets:

Fixed assets are stated on the statement of financial position at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements to the theatre are amortized over the remaining years of the lease agreement. Fixed assets consist of the following for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 5,642,527	\$ 5,636,443
Equipment	40,230	35,199
Furniture and fixtures	<u>17,034</u>	<u>3,800</u>
	5,699,791	5,675,442
Less accumulated depreciation	<u>(2,393,692)</u>	<u>(1,968,926)</u>
Total	\$ <u>3,306,099</u>	\$ <u>3,706,516</u>

Note 7 – Commitments and Contingencies:

- a. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time may exceed the Federal depository insurance coverage limits.
- b. The Organization is obligated under operating lease agreements for its administrative office and for office equipment. The components of leases for the year ended December 31, 2023 were as follows:

Operating lease expense	\$ 110,940
Variable lease expense	<u>16,904</u>
Total	\$ <u>127,844</u>

BEDFORD PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 7 – Commitments and Contingencies (continued):

Supplemental information related to operating leases:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases **\$ 182,438**

ROU assets obtained in exchange for new operating lease liabilities **\$ 224,430**

Weighted-average remaining operating lease terms **1.00 years**

Weighted-average discount rate for operating leases **5.49%**

Future maturities of lease liabilities are as follows:

2023 **\$ 186,087**

Less present value discount **(4,591)**

Total lease liability **181,496**

Less current portion **(181,496)**

Long-term lease liabilities **\$ -**

Note 8 – Net Assets:

Restricted support is recorded as an increase in net assets with donor restrictions. When the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported on the *statement of activities* as net assets released from restrictions.

The Organization's net assets with donor restrictions as of December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Community	\$ 12,931	\$ 5,000
Donor Cultivation	<u>-</u>	<u>4,250</u>
Total net assets with restrictions	\$ <u>12,931</u>	\$ <u>9,250</u>

BEDFORD PLAYHOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 9 – Donated Services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has recognized \$0 and \$12,520 of donated marketing services in the accompanying financial statements as a contribution and outside services expense for the years ended December 31, 2023 and 2022, respectively.

Note 10 – Summarized Comparative Totals:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Note 11 – Subsequent Events:

The Organization exercised its option to purchase the theatre it occupies from the lessor for \$2,200,000. The seller is obligated to create condominium documents, which are to be approved by the New York State Attorney General. As of December 31, 2023, the purchase was not finalized.

The Organization has a letter of intent for an 80% mortgage from Bank of America. The following payments were paid or will be due when the condominium documents are approved and the Organization purchases the building:

Deposit upon signing purchase agreement	\$ 220,000
Mortgage closing costs	<u>318,400</u>
	\$ <u>538,400</u>