

# **Berkeley Repertory Theatre**

Financial Statements

August 31, 2025  
(With Comparative Totals for 2024)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Berkeley Repertory Theatre

### **Opinion**

We have audited the accompanying financial statements of Berkeley Repertory Theatre, which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, 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 Berkeley Repertory Theatre as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our 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 Berkeley Repertory Theatre 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 these 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 Berkeley Repertory Theatre'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 Berkeley Repertory Theatre'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 Berkeley Repertory Theatre'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 Berkeley Repertory Theatre's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Ramon, California

December 11, 2025

Berkeley Repertory Theatre  
Statement of Financial Position  
August 31, 2025  
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 896,729	\$ 2,369,632
Accounts receivable	38,631	29,721
Contributions receivable, net	1,708,414	2,373,821
Prepaid expenses	943,823	724,440
Deposits and other assets	106,595	95,433
Total current assets	3,694,192	5,593,047
Property and equipment, net	57,141,595	58,645,131
Other noncurrent assets		
Contributions receivable, noncurrent, net of discount	3,296,614	2,197,624
Long-term investments	15,274,096	16,253,522
Cash held for endowment	70,654	28,754
Endowment investments	7,044,510	5,752,908
Total other noncurrent assets	25,685,874	24,232,808
Total assets	\$ 86,521,661	\$ 88,470,986

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

Berkeley Repertory Theatre  
Statement of Financial Position  
August 31, 2025  
(With Comparative Totals for 2024)

	2025	2024
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,288,092	\$ 1,165,841
Current portion of long-term debt	1,074,981	1,038,080
Deferred production and education revenue	4,398,892	3,767,948
Total current liabilities	6,761,965	5,971,869
Long-term liabilities		
Executive retirement plan	-	78,888
Long-term debt, net of debt issuance cost of \$549,335	38,369,291	39,407,631
Total long-term liabilities	38,369,291	39,486,519
Total liabilities	45,131,256	45,458,388
Net assets		
Without donor restrictions		
Undesignated	18,040,024	18,537,469
Board designated	13,162,008	13,743,802
Total without donor restrictions	31,202,032	32,281,271
With donor restrictions		
Total net assets	10,188,373	10,731,327
Total net assets	41,390,405	43,012,598
Total liabilities and net assets	\$ 86,521,661	\$ 88,470,986

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

Berkeley Repertory Theatre  
Statement of Activities  
For the Year Ended August 31, 2025  
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains, and other support				
Admissions	\$ 8,374,069	\$ -	\$ 8,374,069	\$ 8,242,925
Education programs	576,912	-	576,912	455,890
Contributions, net	4,806,104	3,300,498	8,106,602	29,060,719
Donated goods and services	135,399	-	135,399	128,005
Government grants	61,219	16,000	77,219	454,421
Fundraising and special events, net of expenses of \$410,600	577,560	50,000	627,560	762,381
Co-production and enhancement funds	1,718,562	-	1,718,562	3,199,753
Concessions	282,107	-	282,107	311,063
Investment income, net	1,060,035	533,574	1,593,609	1,513,494
Other income	816,496	-	816,496	597,774
Net assets released from restriction	<u>4,443,026</u>	<u>(4,443,026)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>22,851,489</u>	<u>(542,954)</u>	<u>22,308,535</u>	<u>44,726,425</u>
Functional expenses				
Program services	20,516,136	-	20,516,136	19,488,709
General and administrative	1,890,049	-	1,890,049	3,044,089
Fundraising	<u>1,524,543</u>	<u>-</u>	<u>1,524,543</u>	<u>1,463,911</u>
Total functional expenses	<u>23,930,728</u>	<u>-</u>	<u>23,930,728</u>	<u>23,996,709</u>
Change in net assets	(1,079,239)	(542,954)	(1,622,193)	20,729,716
Net assets, beginning of year	<u>32,281,271</u>	<u>10,731,327</u>	<u>43,012,598</u>	<u>22,282,882</u>
Net assets, end of year	<u>\$ 31,202,032</u>	<u>\$ 10,188,373</u>	<u>\$ 41,390,405</u>	<u>\$ 43,012,598</u>

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

Berkeley Repertory Theatre  
Statement of Functional Expenses  
For the Year Ended August 31, 2025  
(With Comparative Totals for 2024)

	Program Services	Support Services		Total Support Services	2025 Total	2024 Total
		General and Administrative	Fundraising			
Salaries	\$ 8,929,102	\$ 834,810	\$ 1,001,122	\$ 1,835,932	\$ 10,765,034	\$ 10,600,604
Employee benefits	987,285	63,414	115,994	179,408	1,166,693	1,433,637
Payroll taxes	767,774	62,654	74,001	136,655	904,429	845,219
Professional fees	804,143	161,005	24,995	186,000	990,143	516,311
Personnel/hiring	20	5,872	-	5,872	5,892	10,449
Travel and housing	427,847	8,599	2,379	10,978	438,825	520,243
Space and equipment rental	342,565	-	-	-	342,565	438,081
Production materials	1,392,566	-	-	-	1,392,566	1,335,860
Royalties and commissions	664,577	-	-	-	664,577	647,683
Printing	36,676	-	21,494	21,494	58,170	77,891
Advertising	840,996	-	-	-	840,996	821,201
Insurance	218,948	337,947	2,248	340,195	559,143	454,729
Interest	1,397,373	22,911	22,911	45,822	1,443,195	1,581,879
Supplies and office	88,503	1,672	104	1,776	90,279	125,177
Telephone and IT	151,828	161,295	23,860	185,155	336,983	538,130
Postage	82,559	2,168	10,997	13,165	95,724	92,566
Hospitality	128,831	15,395	51,461	66,856	195,687	349,087
Maintenance	315,331	-	3,946	3,946	319,277	269,926
Cost of goods sold	116,100	-	-	-	116,100	123,492
Credit card fees and charges	255,989	111,425	28,490	139,915	395,904	477,897
Utilities	472,642	7,749	7,750	15,499	488,141	527,294
Miscellaneous	148,670	8,272	20,232	28,504	177,174	73,786
In-kind goods and services	1,729	52,986	80,684	133,670	135,399	128,005
Depreciation	1,944,082	31,875	31,875	63,750	2,007,832	2,007,562
	<u>\$ 20,516,136</u>	<u>\$ 1,890,049</u>	<u>\$ 1,524,543</u>	<u>\$ 3,414,592</u>	<u>\$ 23,930,728</u>	<u>\$ 23,996,709</u>

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

Berkeley Repertory Theatre  
Statement of Cash Flows  
For the Year Ended August 31, 2025  
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (1,622,193)	\$ 20,729,716
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,007,832	2,007,562
Non-cash interest expense	23,376	23,376
Realized and unrealized gains on investments	(744,721)	(998,398)
Contribution revenue restricted for endowment	(2,280)	(2,280)
Changes in operating assets and liabilities		
Accounts receivable	(8,910)	2,852,445
Contributions receivable, net	(433,583)	1,685,153
Prepaid expenses	(219,383)	(191,211)
Deposits and other assets	(11,162)	(95,433)
Accounts payable and accrued expenses	43,363	189,571
Deferred production revenue	630,944	(2,587,411)
Executive retirement plan	-	(54,154)
Net cash provided by (used in) operating activities	<u>(336,717)</u>	<u>23,558,936</u>
Cash flows from investing activities		
Purchase of investments	(2,017,274)	(30,280,089)
Proceeds from sale of investments	2,449,819	13,583,801
Purchases of property and equipment	(504,296)	-
Net cash used in investing activities	<u>(71,751)</u>	<u>(16,696,288)</u>
Cash flows from financing activities		
Cash collected on contributions restricted for endowment	2,280	2,280
Advances on line of credit	-	775,000
Repayment of line of credit	-	(3,900,000)
Net payment of long-term debt	(1,024,815)	(3,191,617)
Net cash used in financing activities	<u>(1,022,535)</u>	<u>(6,314,337)</u>
Net increase (decrease) in cash	(1,431,003)	548,311
Cash, cash equivalents, and restricted cash, beginning of year	<u>2,398,386</u>	<u>1,850,075</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 967,383</u>	<u>\$ 2,398,386</u>

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

Berkeley Repertory Theatre  
Statement of Cash Flows  
For the Year Ended August 31, 2025  
(With Comparative Totals for 2024)

	2025	2024
Cash, cash equivalents, and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 896,729	\$ 2,369,632
Cash held for endowment	70,654	28,754
	\$ 967,383	\$ 2,398,386

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 1,419,819	\$ 1,558,503
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The accompanying notes are an integral part of these financial statements.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

1. NATURE OF OPERATIONS

Berkeley Repertory Theatre (the "Organization") is a professional, not-for-profit theatre company founded in 1968. Guided by core values of storytelling, rigor, innovation, equity, discovery, and sustainability, the Organization's mission is to create ambitious theatre that entertains and challenges its audiences, provokes civic engagement, and inspires people to experience the world in new and surprising ways. The Organization performs in its 400-seat thrust stage and its 600-seat proscenium stage in Berkeley, California. Over 6 million people have enjoyed more than 500 shows produced by the Organization, which have gone on to win eight Tony Awards, nine Obie Awards, eleven Drama Desk Awards, one Grammy Award, one Pulitzer Prize, and many other honors. The Organization received the Tony Award for Outstanding Regional Theatre in 1997. To formalize, enhance, and expand the processes by which the Organization makes theatre, The Ground Floor: Center for the Creation and Development of New Work was launched in 2012. The School of Theatre engages and educates some 20,000 people each year and helps build the audiences of tomorrow with its nationally recognized programs. In 2021, the Organization launched In Dialogue, a program that places its theatre-making skills and resources in service of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. The Organization's Board of Trustees may designate net assets without donor restrictions for specific purposes.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions also include the portion of donor-restricted endowment funds that are not required to be maintained in perpetuity until such funds are appropriated for expenditure by the Organization. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

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. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from net assets with donor restrictions and recognized as net assets without donor restrictions. Contributions that are restricted by the donor/grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers unrestricted highly liquid instruments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on deposit, interest bearing money market funds, and treasuries.

Cash deposits

The Organization places its cash and temporary cash investments with high credit quality institutions. Periodically, such investments may be in excess of federally insured limits.

Investments

Investments, which include securities, mutual funds, and certificates of deposits with an original maturity date of more than three months at the date of purchase, are recorded at fair value. Securities and mutual funds are traded on security exchanges and are valued at closing market prices on the dates closest to August 31, 2025. Investments received through gifts are recorded at estimated fair value at the date of donation.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on the fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- Investments (Level 1): Investment securities traded on security exchanges are valued at closing market prices, or net asset value for mutual funds, on the date of business closest to August 31.
- Investments (Level 2): Investment securities where values are based on quoted market prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances due. Based on prior write-off history, overall economic conditions, the current aging status, and specific forward looking evaluations, the Organization establishes an allowance for expected credit losses at a level considered adequate to cover anticipated credit losses on outstanding accounts receivable. The Organization determined that an allowance for expected credit losses was not considered necessary at August 31, 2025.

Contributions and contributions receivable, net

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and contributions receivable, net (continued)

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is when the barriers have been overcome and the right of return or right of release has been met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using risk adjusted market interest rates applicable to the years in which the promise was received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including factors such as prior collection history, aging statistics of contributions, and the nature of the receivable.

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization received contributed materials and services of \$135,399 for the year ended August 31, 2025.

Property and equipment

Property and equipment are stated at cost when purchased or constructed, or at the asset's estimated fair value at the time the donated property is received. Depreciation is provided using the straight-line method over the assets' estimated useful lives ranging from 4 to 40 years. The Organization capitalizes all property and equipment with a cost greater than \$5,000 and an estimated useful life in excess of one year. Construction in progress and software installments in progress are depreciated only after the assets are completed and have been placed into service. Donated property and equipment is recorded at the estimated fair value at the date the contribution is received and considered to be unrestricted when placed into service by the Organization, unless restricted as to use by explicit donor stipulation.

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Organization, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined. No long-lived assets were deemed to be impaired as of August 31, 2025.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred production and education revenue

Ticket purchases received in advance of performances are recorded as deferred production revenue and recognized as admissions revenue when the related performance occurs. Gift certificates are recorded as deferred revenue and recognized upon redemption or, if unredeemed, after three years when the likelihood of redemption is deemed remote based on historical trends. Education revenue received in advance of classes or services is recorded as deferred education revenue and recognized in the year the programs are delivered.

Co-production and enhancement

Co-production and enhancement revenue represents income received by the Organization as reimbursement for or enhancement of production costs for plays and musicals. Co-production and enhancement funds received in advance of the production are included in deferred production revenue and are recognized as co-production and enhancement revenue at specific points in time based on the terms of the agreements.

Admissions

The Organization's patrons have the option to purchase tickets well in advance of the performance or right before the performance, or at any point in between those two timeframes depending on seat availability. The Organization recognizes such admissions revenue when the performance has taken place. Concession revenues are recognized upon transfer of goods to the patrons. The Organization sells gift cards and discount ticket vouchers, the proceeds from which are recorded as deferred production revenue. Revenues for gift cards and discount ticket vouchers are recognized when they are redeemed for theatre tickets or concession items. The Organization offers multiple subscription packages, whereby patrons can pay a subscription fee to receive a credit for use towards a future ticket purchase for the Organization's productions. The Organization records the subscription program fees as deferred production revenue and records admissions revenues as the credits are redeemed for tickets or passage of time.

Investment income, net

Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are determined using the specific identification method. Realized and unrealized gains (losses) on investments are reported as follows:

- as increases (decreases) in net assets with donor restrictions if the terms of the donor stipulations impose restrictions on the use of income or require that they be added to (deducted from) the principal of a perpetual endowment fund;
- as increases (decreases) in net assets without donor restrictions in all other cases.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition

Expenses related to future performances are recorded as prepaid expenses and charged to operating expense at the time the applicable performance is given.

Functional expenses

Expenses, such as depreciation, utilities, maintenance, telephone, interest, insurance, employee benefits, and occupancy costs, are allocated among program services, general and administrative, and fundraising classifications on the basis of space usage and on estimates made by the Organization's management.

Income tax

The Organization is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code, respectively.

The Organization has evaluated its current tax positions and has concluded that as of August 31, 2025, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Risks and uncertainties

Occasionally, cash and cash equivalents maintained by the Organization are in excess of the federally insured limits. The Organization mitigates this risk by placing cash and cash equivalents with high credit quality institutions.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. 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 Organization's account balances and the amounts reported in the statement of financial position.

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and uncertainties (continued)

The Organization is engaged in collective bargaining agreements with labor unions representing artists in theatre: the Actors' Equity Association, Stage Directors and Choreographers Society, and United Scenic Artists. Approximately 15% of the Organization's employees are covered by the collective bargaining agreements. Although staffing of artists in theatre is constantly revolving to fill the needs of each production, the staffing does remain fairly consistent year over year.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amount previously presented.

Comparative financial information

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended August 31, 2024, from which the summarized information was derived.

Subsequent events

The Organization has evaluated subsequent events through December 11, 2025, the date the financial statements were available to be issued. As of this date, no subsequent events have occurred that would have material impact on the presentation of the Organization's financial statements.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following:

Due in less than one year	\$ 2,083,414
Due in one to five years	3,498,000
Due in more than five years	76,504
Discounts on contributions receivable	(277,890)
Allowance for doubtful contributions	<u>(375,000)</u>
	5,005,028
Less current portion	<u>(1,708,414)</u>
	<u><u>\$ 3,296,614</u></u>

Berkeley Repertory Theatre  
Notes to Financial Statements  
August 31, 2025

3. CONTRIBUTIONS RECEIVABLE, NET (continued)

Contributions receivable expected to be collected in more than one year from August 31, 2025 are discounted at a rate of return respective to the year that the contribution was originally promised. Contributions receivable are recorded using a discount rate of 3.50%.

4. INVESTMENTS

Investments comprised of the following:

Long-term investments	\$ 15,274,096
Endowment investments	<u>7,044,510</u>
	<u>\$ 22,318,606</u>

Investments consisted of the following:

Equities	\$ 5,193,965
Fixed income	15,814,536
U.S. treasury notes	97,435
Corporate bonds	<u>1,212,670</u>
	<u>\$ 22,318,606</u>

Investment income, net comprised of the following:

Interest and dividends	\$ 899,483
Net realized and unrealized gains	744,721
Investment management fees	<u>(50,595)</u>
	<u>\$ 1,593,609</u>

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of August 31, 2025:

	Level 1	Level 2	Level 3	Fair Value
Equities	\$ 5,193,965	\$ -	\$ -	\$ 5,193,965
Fixed income	15,814,536	-	-	15,814,536
U.S. treasury notes	-	97,435	-	97,435
Corporate bonds	<u>-</u>	<u>1,212,670</u>	<u>-</u>	<u>1,212,670</u>
	<u>\$ 21,008,501</u>	<u>\$ 1,310,105</u>	<u>\$ -</u>	<u>\$ 22,318,606</u>

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5. FAIR VALUE MEASUREMENTS (continued)

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Land	\$ 2,802,299
Building and improvements	74,927,268
Production equipment	2,966,187
Office and facilities equipment	208,674
Software	356,184
Construction in progress	<u>21,791</u>
	81,282,403
Accumulated depreciation	<u>(24,140,808)</u>
	<u><u>\$ 57,141,595</u></u>

Depreciation expense totaled \$2,007,832 for the year ended August 31, 2025.

7. DEFERRED PRODUCTION AND EDUCATION REVENUE

Deferred production and education revenue consisted of the following:

Deferred performance revenue	\$ 4,233,935
Deferred gift certificates	106,363
Other deferred income	<u>58,594</u>
	<u><u>\$ 4,398,892</u></u>

8. LIQUIDITY ACCESS LINE

On November 19, 2024, the Organization established a liquidity access line, (the "LAL") with Morgan Stanley, providing a max borrowing capacity of \$2,500,000. The LAL accrues interest at the 30-day SOFR average plus 1.5% (5.97% at August 31, 2025). As of August 31, 2025, there was no outstanding balance on the LAL.

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9. LONG-TERM DEBT

On March 1, 2019, the Organization entered into financing agreements with certain financial institutions to finance and refinance the cost of the acquisition, construction, development, equipping, and furnishing of theatrical, educational, and administrative facilities including the construction of 45 apartment units to house visiting artists. The agreements entered into had an aggregate principal of \$37,695,650; \$5,622,236 in the form of Series A Tax-Exempt Revenue Bonds ("Series A Bonds"), \$27,418,480 in the form of Series B Tax-Exempt Revenue Bonds ("Series B Bonds") and \$4,654,934 in form of Series C Taxable Revenue Bonds ("Series C Bonds"). The Series A Bonds and Series B Bonds bear interest at a rate of 3.25% per annum and mature on March 1, 2049. The Series C Bonds bear interest at a rate of 4.06% per annum and mature on March 1, 2049. The Series A Bonds principal and interest are due and payable monthly beginning May 1, 2019. The Series B Bonds and Series C Bonds are interest only notes through April 1, 2022, at which time principal and interest are due and payable monthly. As of August 31, 2025, \$4,850,027, \$25,143,156 and \$4,310,423 were outstanding on the Series A Bonds, Series B Bonds, and Series C Bonds, respectively. The loan is secured by a deed of trust, the leasehold deed of trust, and personal property through a UCC-1 filing.

On July 30, 2010, the Organization entered into a note payable agreement to finance the acquisition of real property. The note bears an interest at 4.45% and matures on December 1, 2050. The note requires monthly principal and interest payments and is secured by the real property acquired. Amounts outstanding under the note payable totaled \$4,966,823 as of August 31, 2025.

On June 22, 2023, the Organization entered into note agreement with the City of Berkeley (the "City") to finance inspection and permit fees related to the new artist apartment building placed into service during the year ended August 31, 2023. The note bears interest at 2.00% and matures on May 11, 2033. The note requires annual interest only payments beginning April 25, 2024; upon maturity all outstanding principal and interest are due. Amounts outstanding under the note totaled \$723,178 as of August 31, 2025.

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9. LONG-TERM DEBT (continued)

The future maturities of the long-term debt are as follows:

<u>Year ending August 31,</u>	
2026	\$ 1,074,981
2027	1,113,149
2028	1,149,715
2029	1,193,618
2030	1,236,094
Thereafter	<u>34,226,050</u>
	39,993,607
Less: debt issuance cost	<u>(549,335)</u>
Long-term debt, net	39,444,272
Current portion	<u>(1,074,981)</u>
	<u><u>\$ 38,369,291</u></u>

Under the terms of the debt obligations, the Organization has agreed to maintain specific financial covenants. For the year ended August 31, 2025, the Organization was not in compliance with all financial covenants. The Organization received a waiver from their financial institution for their non-compliance.

During the year ended August 31, 2025, the Organization incurred \$1,443,195 of interest expense.

10. BOARD DESIGNATED NET ASSETS

The Organization's Board of Trustees has designated net assets without donor restrictions as follows

Debt service reserves	\$ 10,071,551
Endowment	<u>3,090,457</u>
	<u><u>\$ 13,162,008</u></u>

Designated for Debt Service Reserve - During the year ended August 31, 2024, the Board of Trustees designated amounts as a reserve for debt service. The total amount designated for the debt service reserve fund totaled \$10,071,551 as of August 31, 2025.

Designated for Endowment - In previous years, the Board of Trustees designated amounts for the Organization's endowment. During the year ended August 31, 2025, the Board of Trustees designated approximately \$1,150,000 for the endowment. The board-designated endowment fund totaled \$3,090,455 as of August 31, 2025.

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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Strategic initiatives	\$ 664,746
Resilience campaign	<u>2,066,766</u>
	<u>2,731,512</u>
Subject to passage of time:	
For the period September 1, 2025 to August 31, 2026	1,164,333
For the periods after August 31, 2026	<u>2,267,821</u>
	<u>3,432,154</u>
Subject to spending policy and appropriation - investment in perpetuity, the income from which is expendable to support:	
Donor-restricted endowment funds	3,401,124
Unappropriated endowment earnings	<u>623,583</u>
	<u>4,024,707</u>
	<u>\$ 10,188,373</u>

Net assets with donor restrictions released from restriction during the year were as follows:

Released from resilience campaign	\$ 2,324,569
Expiration of time restrictions	1,752,992
Released for strategic initiatives	190,000
Approved expenditure of endowment earnings	<u>175,465</u>
	<u>\$ 4,443,026</u>

12. ENDOWMENT

The Organization's endowment consists of six individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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12. ENDOWMENT (continued)

Interpretation of relevant law

The Organization's Board of Trustees has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 Organization 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 the Organization
- (7) The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the endowed funds. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of August 31, 2025.

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12. ENDOWMENT (continued)

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the Organization diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category. The Organization expects its endowment funds, over time, to generate a return of at least 5.00% per annum before taxes, management fees, and inflation over a market cycle.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified portfolio of equities, fixed income, and cash equivalents.

Spending policy and how the investment objectives related to spending policy

The Organization has a policy of appropriating for distribution each year at most 6.00% of its endowment fund's average fair value over the previous 12 quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment composition

Endowment net asset composition by type of fund as of August 31, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 4,024,707	\$ 4,024,707
Board-designated endowment funds	<u>3,090,457</u>	<u>-</u>	<u>3,090,457</u>
	<u>\$ 3,090,457</u>	<u>\$ 4,024,707</u>	<u>\$ 7,115,164</u>

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12. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the year ended August 31, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, August 31, 2024	\$ 2,081,356	\$ 3,700,306	\$ 5,781,662
Investment return			
Interest income, net	52,900	79,614	132,514
Net appreciation (realized and unrealized)	<u>307,388</u>	<u>417,972</u>	<u>725,360</u>
Total investment return	360,288	497,586	857,874
Contributions	1,153,105	2,280	1,155,385
Appropriation of endowment earnings	<u>(504,292)</u>	<u>(175,465)</u>	<u>(679,757)</u>
	<u>1,009,101</u>	<u>324,401</u>	<u>1,333,502</u>
Balance, August 31, 2025	<u>\$ 3,090,457</u>	<u>\$ 4,024,707</u>	<u>\$ 7,115,164</u>

13. RETIREMENT PLANS

Effective September 1, 1996, the Organization adopted a tax-sheltered annuity plan under Internal Revenue Code Section 403(b) (the "Plan") for substantially all full-time employees, allowing voluntary salary deferrals up to certain limits. For each Plan year, the Board of Trustees of the Organization determines the amount (if any) to be contributed to the Plan by the Organization. There were no employer contributions to the Plan for the year ended August 31, 2025.

On April 19, 2004, the Organization adopted a supplemental executive retirement plan (the "SERP") for certain executives. In 2014, the SERP was incorporated into the Organization's newly adopted 457(f) Deferred Compensation Plan.

In 2014, the Organization established 457(b) and 457(f) Deferred Compensation Plans for certain executives, allowing deferred compensation up to \$2,000,000, payable subject to vesting after August 31, 2018. U.S. GAAP requires that deferred compensation benefits be accrued in a systematic and rational manner over the period services are provided by the executives. Deferred compensation benefits are no longer accrued, but interest of approximately \$1,800 was added during the year ended August 31, 2025. The remaining deferred compensation liability as of August 31, 2025 was \$15,340, held in money market accounts to fund the obligation.

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14. RELATED PARTY

During the year ended August 31, 2025, the Organization recognized contributions, including promises to give and gifts-in-kind, from members of its Board of Trustees of approximately \$2,100,000. As of August 31, 2025, there was approximately \$2,700,000 in contributions receivable from members of the Board of Trustees. Amounts received during the year from members of the Board of Trustees totaled approximately \$1,140,000, including payments received against promises to give that existed at August 31, 2024.

15. CONCENTRATIONS

Contributions from three donors accounted for approximately 45% of the Organization's total contribution revenue for the year ended August 31, 2025. Promises to give from three donors represented approximately 62% of the Organization's total contributions receivable as of August 31, 2025.

16. CONTRIBUTED GOODS AND SERVICES

Contributed goods and services consisted of the following:

Legal services	\$ 52,986
Food and drink, and materials for fundraising events	80,684
Catering services	989
Program materials and equipment	<u>740</u>
	<u>\$ 135,399</u>

All contributed goods and services received for the year ended August 31, 2025, were considered without donor restrictions.

Contributed services for legal and catering are valued at the estimated fair value based on current rates for similar or identical services. Contributed food and drink and program materials and equipment are valued at the fair value based on estimated values that would be received for selling similar products in the United States.

Contributed legal services include services from attorneys advising the Organization on various strategic and administrative matters. Contributed catering services, food and drink for fundraising events, and program materials and equipment were fully utilized by the Organization's staff or fundraising participants.

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17. CITY OF BERKELEY DONATION

In March 2001, the Organization completed construction of its \$17.6 million proscenium stage adjacent to its thrust stage facility. The City provided \$4,000,000 to the capital fundraising campaign that was received in 2001 as follows: the Organization sold the completed property to the City for \$4 million and leases it back for \$1 annually. The Organization has the option to purchase the new theatre building back from the City for \$1 after the City retires the bonds issued to finance its contribution, expected to be in October 2029. In connection with the City providing this funding, the Organization must lease the use of its facilities to certain organizations located in Berkeley at market or discounted rates, up to 320 hours per year. Based upon the substance of this transaction, no sale of real property was recorded and the building is being depreciated in the Organization's financial statements.

18. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following is a quantitative disclosure which describes assets that are available within one year of August 31, 2025 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 896,729
Accounts receivable	38,631
Contributions receivable, net	1,708,414
Investments	22,318,606
Cash held for endowment	<u>70,654</u>
	<u>25,033,034</u>
Less: amounts unavailable for general expenditures within one year:	
Donor-restricted endowment funds	(4,024,707)
Purpose restricted funds	(2,731,512)
Board designated funds	<u>(13,162,008)</u>
	<u>(19,918,227)</u>
	<u>\$ 5,114,807</u>

Some of the Organization's financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Certain contributions receivable are subject to implied time restrictions, however are expected to be available for general expenditures once collected. The Organization has board-designated funds that could be made available if necessary.