



FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Includes Independent Auditor's
Report Issued By



CPAs & Advisors

OKLAHOMA CHILDREN'S THEATRE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma Children's Theatre, Inc.

Opinion

We have audited the accompanying financial statements of Oklahoma Children's Theatre, Inc. (a nonprofit organization) as of September 30, 2024, and the related statements of activities, cash flows and functional expenses 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 Oklahoma Children's Theatre, Inc. as of September 30, 2024, and the changes in its net assets and 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 Oklahoma Children's Theatre, 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 these financial statements in accordance accounting principles generally accepted in the United States of America; this includes 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 Oklahoma Children's Theatre, 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 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 Oklahoma Children's Theatre, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Children's Theatre, Inc's ability to continue as a going concern for a reasonable period of time.

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

HBC CPAs & Advisors

February 19, 2025
Oklahoma City, Oklahoma

OKLAHOMA CHILDREN'S THEATRE, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2024

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	539,905
Contributions and Grants Receivable		107,454
Prepaid Expenses		19,286
Total Current Assets		666,645

PROPERTY AND EQUIPMENT

Furniture and Fixtures		25,198
Equipment		72,508
Leasehold Improvements		9,850
Less Accumulated Depreciation		(97,062)
Total Property and Equipment		10,494

OTHER ASSETS

Beneficial Interest in Assets Held by Others		8,037
Total Other Assets		8,037

TOTAL ASSETS	\$	685,176
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	13,304
Refundable advances		62,500
Total Current Liabilities		75,804

NET ASSETS

Without Donor Restrictions		600,828
With Donor Restrictions		8,544
Total Net Assets		609,372

TOTAL LIABILITIES AND NET ASSETS	\$	685,176
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See accompanying notes to the financial statements.

OKLAHOMA CHILDREN'S THEATRE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES, GAINS AND SUPPORT			
Contributions, Grants & Sponsorships	\$ 540,717	-	\$ 540,717
Tuition and Fees	378,000	-	378,000
Box Office Receipts & Admissions	52,542	-	52,542
Merchandise Sales	28,777	-	28,777
Interest Income	35,118	-	35,118
Miscellaneous	6,624	-	6,624
Unrealized Change in Beneficial Interest	1,036	-	1,036
Net Assets Released from Restriction	7,759	(7,759)	-
	<u>1,050,573</u>	<u>(7,759)</u>	<u>1,042,814</u>
Total Revenues, Gains, & Supports			
EXPENSES			
Program Expenses			
Productions	205,275	-	205,275
Education	415,311	-	415,311
Total Program Expenses	<u>620,586</u>	<u>-</u>	<u>620,586</u>
Supporting Services Expenses			
Management & General	264,321	-	264,321
Fundraising	96,551	-	96,551
Total Supporting Services Expenses	<u>360,872</u>	<u>-</u>	<u>360,872</u>
Total Expenses	<u>981,459</u>	<u>-</u>	<u>981,459</u>
CHANGES IN NET ASSETS	<u>69,114</u>	<u>(7,759)</u>	<u>61,355</u>
NET ASSETS, BEGINNING OF YEAR	<u>531,713</u>	<u>16,303</u>	<u>548,016</u>
NET ASSETS, END OF YEAR	<u>\$ 600,828</u>	<u>\$ 8,544</u>	<u>\$ 609,372</u>

See accompanying notes to the financial statements.

OKLAHOMA CHILDREN'S THEATRE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	61,355
Adjustments to Reconcile Changes in Net Assets to Cash Flows from Operating Activities:	
Depreciation	3,093
Unrealized Change in Beneficial Interest	(1,036)
(Increase)/Decrease in Assets:	
Contributions and Grants Receivable	(45,011)
Prepaid Expenses	(7,734)
Increase/(Decrease) in Liabilities:	
Accounts Payable & Accrued Expenses	(45,998)
Refundable Advances	(142,013)
Total Adjustments	(238,699)
NET CASH USED IN OPERATING ACTIVITIES	(177,344)
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of Certificate of Deposit	505,000
Cash Paid for the Purchase of Property and Equipment	(7,444)
NET CASH PROVIDED BY INVESTING ACTIVITIES	497,556
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of EIDL	(500,000)
NET CASH USED IN FINANCING ACTIVITIES	(500,000)
NET DECREASE IN CASH & CASH EQUIVALENTS	(179,788)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	719,692
CASH & CASH EQUIVALENTS, END OF YEAR	539,905
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	34,695

See accompanying notes to the financial statements.

OKLAHOMA CHILDREN'S THEATRE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>PROGRAM</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Salaries	\$ 237,003	\$ 116,851	\$ 40,595	\$ 394,449
Contract personnel	213,169	26,560	2,222	241,952
Employee benefits	43,094	15,644	5,830	64,569
Training	1,404	1,928	1,431	4,764
OCU contract services	24,375	-	-	24,375
Supplies and materials	47,446	16,406	5,318	69,169
Design	17,893	8,947	8,947	35,786
Printing	1,564	1,396	1,252	4,212
Events and parties	2,261	-	26,086	28,347
Miscellaneous	-	4,103	-	4,103
Advertising	100	824	1,089	2,014
Travel	7,658	294	1,027	8,979
Postage	28	557	238	822
Sales tax expense	1,153	2,253	-	3,405
Royalties	9,321	-	-	9,321
Telephone	-	264	-	264
Utilities	-	80	-	80
Dues and subscriptions	2,725	6,049	2,377	11,152
Hospitality	400	2,483	139	3,022
Repairs and maintenance	6,766	1,933	-	8,699
Rent	1,875	90	-	1,965
Depreciation	-	3,093	-	3,093
Audit expense	-	9,950	-	9,950
Professional services	-	20,050	-	20,050
Interest expense	-	12,926	-	12,926
Credit cards and bank fees	1,181	1,764	-	2,945
Insurance	1,170	9,877	-	11,047
TOTAL EXPENSES	\$ 620,586	\$ 264,321	\$ 96,551	\$ 981,459

See accompanying notes to the financial statements.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Oklahoma Children's Theatre, Inc. (the Theatre) is a public, not-for-profit organization dedicated to enhancing the entertainment and education of the children in the state of Oklahoma by providing theatrical productions, classes, and educational events. The Theatre's support comes primarily through donor contributions, admissions to theatrical productions, and fees for education and training classes.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Theatre reports information regarding its financial position and changes in net assets according to two classes of net assets, based on the existence or absence of donor-imposed restrictions, if any, as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed 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, where the donor stipulates those resources be maintained in perpetuity. 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.

Estimates

The preparation of 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 financial statement. Actual results could differ from those estimates.

Cash and equivalents

The Theatre considers highly liquid investments with original maturities of three months or less to be cash equivalents. The Theatre attempts to monitor its bank account balances so that deposits in such accounts limit the amount of the Theatre's credit exposure.

At September 30, 2024, the Theatre did not have any funds in excess of FDIC insured limits but did have \$277,886 that had been swept into an investment account.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables are reported at their estimated collectible amount. Receivables primarily include contributions and sponsorships from donors who have made unconditional promises to give and grants receivable for which all conditions have been met by the Theatre. All receivables are expected to be fully collected within the next fiscal year. Uncollectible receivables, if any, are estimated to be immaterial.

Property and Equipment

Purchased assets are recorded at cost, and donated assets are recorded at market value at the time of donation. Property and equipment valued at \$300 or more are capitalized and depreciated over an estimated useful life of five to ten years on a straight-line basis.

Revenue recognition from exchange transactions

The Theatre recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition, whereby revenue is recognized when each performance obligation is satisfied. The Theatre reports the following revenue from exchange transaction in its statements of activities:

Tuition and fees – The Theatre conducts program-related experiences where the performance obligation is delivery of the program. Fees for activities and classes are set by the Theatre. Tuition and fees are typically collected by the Theatre in the period the program occurs. If the Theatre collected any fees in advance of the program, they are held in a liability account and recognized in the fiscal year in which the program occurs. There were no deferred tuition and fees as of September 30, 2024.

Box office receipts and admissions – Box office revenue is associated with tickets sold for productions by the Theatre. Ticket prices are based upon established prices per show. Ticket sales are typically collected by the Theatre in the period the show occurs. If the Theatre collected any fees in advance of the program, they are held in a liability account and recognized in the fiscal year in which the program occurs. There were no deferred box office receipts and admissions as of September 30, 2024.

Merchandise sales – The Theatre offers merchandise for sale at the time of shows or during classes. The Theatre recognized revenue for merchandise sales at the point of sale.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition for contributions and grants

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted, when applicable, unless the time restriction ends, or a purpose restriction is accomplished within the same reporting period. When a donor's temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Theatre reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributions are recorded as revenue when received or upon receipt of an unconditional promise to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants are recorded as revenue once any conditions outlined by the agreement have been met, which is typically when the Theatre has incurred allowable expenses that can be charged to the respective grants. Unconditional grants are recorded as revenue at the time the grant is awarded. Amounts received before conditions have been satisfied are recorded as deferred revenue. As of September 30, 2024, there was \$62,500 recognized as refundable advances in the accompanying statement of financial position.

Contributed Services

Contributed materials are recorded at market value at the time of donation, and contributed services are recorded at the fair value of the services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Theatre receives services from volunteers who give significant amounts of their time to the Theatre's programs and fund-raising campaigns. No amounts have been reflected for these types of donated services, as they do not meet the criteria outlined above.

Advertising Expense

All advertising costs are expensed as incurred or the first-time advertising takes place. Advertising expenses during the period were approximately \$2,014.

Functional expenses

Expenses are allocated between program and supportive services based upon either actual usage or the estimated cost attributable to each function.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Theatre is an exempt organization under Internal Revenue Service (IRS) Code Section 501(c)(3) and is not classified as a private foundation within the meaning of IRS Code Section 509(a). Therefore, no provision has been made in the financial statements for income taxes.

The Theatre could be subject to taxation if it generates income that is unrelated to its exempt purpose. The organization is subject to review by tax authorities. It is not currently under review. The open years are 2021 through 2023.

NOTE 2 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Theatre and other donors have contributed to a fund administered by the Oklahoma City Community Foundation, Inc. (OCCF) for the benefit of the Theatre and its programs. According to OCCF policy, full variance powers are granted and therefore the principal amounts of such contributions become the legal assets of OCCF.

The value of reciprocal transfer assets, which are assets transferred by the Theatre to organizations raising or holding contributions for others, such as OCCF, are recognized as assets in the financial statements of the transferor. The value of assets contributed by others to these types of organizations for the benefit of a specified beneficiary are not recognized and recorded by the beneficiary.

The market value of reciprocal transfer assets was \$8,037 at September 30, 2024. The market value of assets contributed by others to OCCF for the benefit of the Theatre and, therefore, not recorded in the financial statements was \$149,710 at September 30, 2024.

Annual distributions from earnings are made to the Theatre based on OCCF's spending policy, which is currently five percent of the average market value over the previous eight quarters for all assets held for the benefit of the Theatre.

Distribution to the Theatre under the spending policy of \$7,500 was reported as earned during the year ended September 30, 2024, and is included as contribution and support in the statement of activities.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets were available for the following purposes:

Lyn Adams Scholarship Fund	\$ 8,124
Temporarily restricted net assets as to purpose	<u>8,124</u>
Permanently restricted net assets:	
Endowment funds	420
Total net assets with donor restrictions	<u>\$ 8,544</u>

NOTE 4 – ECONOMIC INJURY DISASTER LOAN

The Theatre had received an Economic Injury Disaster Loan (EIDL) for \$500,000 dated February 15, 2022, which accrued interest at 2.75%. The loan included deferred principal and interest payments until August 28, 2024, at which time monthly installments of \$2,244 were to begin. During the year ended September 30, 2024, the Theatre paid off the entire outstanding balance of the loan, including accrued interest. The total payoff amount was \$534,695, which included principal of \$500,000 and accumulated interest of \$34,695. The early payoff resulted in the release of the security interest in the Theatre's assets that had secured the loan.

NOTE 5 – CONCENTRATIONS

The Theatre is located in Oklahoma City, Oklahoma and receives donations and other support from the general public and other organizations located primarily in the greater Oklahoma City area. The theatre used by Oklahoma Children's Theatre is owned by and is on the campus of Oklahoma City University (OCU). Additionally, OCU provides the use of the building, maintenance, and certain utilities at no additional cost to the Theatre. There is no formal lease agreement between OCU and the Theatre; as such, the fair value of the lease benefit and other services provided by OCU cannot be reasonably determined. Accordingly, no income or expense related to the agreement between OCU, and the Theatre is recorded in the accompanying financial statements. The Theatre paid OCU approximately \$24,000 in contract services related to the production of shows during the year ended September 30, 2024.

OKLAHOMA CHILDREN'S THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 6 – LIQUIDITY

The following reflects Oklahoma Children's Theatre's financial assets at September 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$ 539,905
Contributions and grants receivable	107,454
	<u>647,359</u>
Less amounts with donor restrictions	<u>(8,544)</u>
Financial assets available to meet cash needs within one year	<u>\$ 638,815</u>

The Theatre has significant amounts of liquid assets to meet liquidity needs.

NOTE 7 – CONTINGENCIES

The Theatre at times is involved in routine litigation arising from transactions in the ordinary course of business. Management believes the ultimate liability arising from this litigation, if any, will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 19, 2025, which is the date the financial statements were available to be issued.