STAGES THEATRE COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED AUGUST 31, 2025 AND 2024

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YEARS ENDED AUGUST 31, 2025 AND 2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Stages Theatre Company
Hopkins, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Stages Theatre Company (STC), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Stages Theatre Company as of August 31, 2025 and 2024, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Stages Theatre Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stages Theatre Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stages Theatre Company'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.

Board of Directors
Stages Theatre Company

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 24, 2025

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,339,987	$ 1,277,288
Accounts Receivable, Net	390	990
Promises to Give, Net	273,477	298,775
Prepaid Expenses and Other Assets	211,325	173,767
Total Current Assets	1,825,179	1,750,820
Promises to Give, Noncurrent Portion	-	65,162
Investments	2,840,508	2,388,415
Property and Equipment, Net	153,785	80,476
Security Deposit	2,150	2,950
Right-of-Use Assets	1,687,277	1,801,697
Total Assets	$ 6,508,899	$ 6,089,520
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 37,760	$ 57,842
Accrued Expenses	116,397	67,583
Funds Held for Others	8,092	8,092
Current Lease Liability	184,722	166,886
Deferred Revenue	292,467	241,622
Total Current Liabilities	639,438	542,025
LONG-TERM LIABILITIES		
Long-Term Lease Liability	1,559,174	1,666,687
Total Liabilities	2,198,612	2,208,712
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,558,766	2,421,903
Board-Designated - Campaign Fund	275,000	150,000
Total Without Donor Restrictions	2,833,766	2,571,903
With Donor Restrictions	1,476,521	1,308,905
Total Net Assets	4,310,287	3,880,808
Total Liabilities and Net Assets	$ 6,508,899	$ 6,089,520

See accompanying Notes to Consolidated Financial Statements.

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	$ 255,154	$ 329,212	$ 584,366
Ticket Sales	1,528,845	-	1,528,845
School Contracts	278,570	-	278,570
Tuition	812,527	-	812,527
CPT Income	18,298	-	18,298
Touring Income	6,500	-	6,500
Concessions Income	25,205	-	25,205
Advertising Income	18,375	-	18,375
Special Event	25,696	-	25,696
Contributed Nonfinancial Assets	155,925	-	155,925
Investment Income, Net	121,538	11,113	132,651
Other Income	7,040	-	7,040
Net Assets Released from Restrictions	172,709	(172,709)	-
Total Revenue and Support	3,426,382	167,616	3,593,998
EXPENSES			
Program Services	2,494,308	-	2,494,308
Support Services:			
General and Administrative	567,877	-	567,877
Fundraising	102,334	-	102,334
Total Expenses	3,164,519	-	3,164,519
CHANGE IN NET ASSETS	261,863	167,616	429,479
Net Assets - Beginning of Year	2,571,903	1,308,905	3,880,808
NET ASSETS - END OF YEAR	$ 2,833,766	$ 1,476,521	$ 4,310,287

See accompanying Notes to Consolidated Financial Statements.

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	$ 236,547	$ 263,964	$ 500,511
Ticket Sales	1,445,613	-	1,445,613
School Contracts	263,570	-	263,570
Tuition	761,272	-	761,272
CPT Income	18,373	-	18,373
Touring Income	6,500	-	6,500
Concessions Income	13,355	-	13,355
Advertising Income	19,950	-	19,950
Special Event	36,292	-	36,292
Contributed Nonfinancial Assets	57,557	-	57,557
Investment Income, Net	135,722	12,161	147,883
Other Income	5,471	-	5,471
Net Assets Released from Restrictions	189,063	(189,063)	-
Total Revenue and Support	3,189,285	87,062	3,276,347
EXPENSES			
Program Services	2,185,729	-	2,185,729
Support Services:			
General and Administrative	614,708	-	614,708
Fundraising	97,077	-	97,077
Total Expenses	2,897,514	-	2,897,514
CHANGE IN NET ASSETS	291,771	87,062	378,833
Net Assets - Beginning of Year	2,280,132	1,221,843	3,501,975
NET ASSETS - END OF YEAR	$ 2,571,903	$ 1,308,905	$ 3,880,808

See accompanying Notes to Consolidated Financial Statements.

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025

	Program	Management and General	Fundraising	Total
Salaries and Wages	$ 1,406,999	$ 250,065	$ 64,063	$ 1,721,127
Employee Benefits	103,288	19,114	4,630	127,032
Payroll Taxes	53,415	20,626	3,538	77,579
Subtotal	1,563,702	289,805	72,231	1,925,738
Occupancy	249,590	25,526	8,509	283,625
Professional Services	82,275	66,859	1,880	151,014
Supplies	92,838	7,417	11,486	111,741
Marketing and Advertising	31,592	27,530	-	59,122
Depreciation and Amortization	24,505	4,371	1,120	29,996
Printing and Copying	46,832	4,790	1,597	53,219
Contract Labor	98,600	4,725	769	104,094
Credit Card Processing Fees	-	82,922	-	82,922
Telephone and Internet	11,941	2,130	546	14,617
Insurance	19,807	3,533	905	24,245
Royalty Expense	196,411	-	-	196,411
Postage	21,523	3,839	984	26,346
Dues, Subscriptions, and Memberships	11,501	2,052	526	14,079
Travel	12,857	1,836	-	14,693
Equipment Rental and Maintenance	5,033	6,292	615	11,940
Meetings	16,212	2,892	741	19,845
Bad Debt	-	29,700	-	29,700
Miscellaneous	9,089	1,658	425	11,172
Total Expenses by Function	$ 2,494,308	$ 567,877	$ 102,334	$ 3,164,519

See accompanying Notes to Consolidated Financial Statements.

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024

	Program	Management and General	Fundraising	Total
Salaries and Wages	$ 1,320,710	$ 252,105	$ 62,780	$ 1,635,595
Employee Benefits	101,284	16,050	4,803	122,137
Payroll Taxes	50,406	33,787	3,079	87,272
Subtotal	1,472,400	301,942	70,662	1,845,004
Occupancy	136,527	13,963	4,654	155,144
Professional Services	91,025	134,042	1,861	226,928
Supplies	84,789	6,193	11,613	102,595
Marketing and Advertising	40,179	36,781	-	76,960
Depreciation and Amortization	21,464	4,117	1,025	26,606
Printing and Copying	44,611	4,562	1,521	50,694
Contract Labor	92,674	1,600	963	95,237
Credit Card Processing Fees	-	93,549	-	93,549
Telephone and Internet	10,860	2,083	519	13,462
Insurance	14,740	2,827	704	18,271
Royalty Expense	108,302	-	-	108,302
Postage	14,190	2,722	678	17,590
Dues, Subscriptions, and Memberships	10,902	2,091	521	13,514
Travel	14,223	243	-	14,466
Equipment Rental and Maintenance	1,843	2,855	1,078	5,776
Meetings	14,955	2,868	714	18,537
Miscellaneous	12,045	2,270	564	14,879
Total Expenses by Function	$ 2,185,729	$ 614,708	$ 97,077	$ 2,897,514

See accompanying Notes to Consolidated Financial Statements.

STAGES THEATRE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 429,479	$ 378,833
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	29,996	26,606
Realized and Unrealized (Gain) Loss on Operating Investments	(13,620)	(47,972)
Increase (Decrease) in Allowance for Doubtful Accounts	25,000	-
Contributions for Endowment	(24,174)	(53,365)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	600	2,196
Promises to Give, Net	65,460	8,849
Prepaid Expenses and Other Assets	(37,558)	(30,242)
Security Deposit	800	(1,200)
Accounts Payable	(20,082)	24,636
Accrued Expenses	48,814	33,106
Lease Liability	24,743	(91,272)
Deferred Revenue	50,845	15,808
Net Cash Provided by Operating Activities	580,303	265,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Operating Investments	(2,018,690)	(2,018,343)
Proceeds from Sales of Operating Investments	1,580,217	1,492,476
Purchases of Property and Equipment	(103,305)	(9,246)
Net Cash Used by Investing Activities	(541,778)	(535,113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for Endowment	24,174	53,365
Net Cash Provided by Financing Activities	24,174	53,365
NET CHANGE IN CASH AND CASH EQUIVALENTS	62,699	(215,765)
Cash and Cash Equivalents - Beginning of Year	1,277,288	1,493,053
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,339,987	$ 1,277,288
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-Cash Additions to Property and Equipment	$ 92,280	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Stages Theatre Company, Inc. (STC) is a professionally staffed, nonprofit arts organization that provides young people from across the state of Minnesota, as participants and as audience members, with production and educational experiences in theatre that are high quality, creative, and character building. STC operates in the Hopkins Center for the Arts and primarily provides services within the Minneapolis and Saint Paul area.

The primary sources of support and revenue are ticket sales, tuition, school contracts, and contributions.

Principles of Consolidation

The consolidated financial statements of Stages Theatre Company include the accounts of Stages Theatre Company, Inc. and CPT Services (a 100% wholly owned for-profit subsidiary of STC). All material inter-organizational transactions have been eliminated. CPT Services exists to provide technical support services to occasional users of the Hopkins Center for the Arts.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, money, market accounts, and all highly liquid securities purchased with an original maturity date of 90 days or less. At times, balances may exceed federally insured limits. The Organization has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. Management reviews receivable balances at year-end and establishes an allowance for credit losses based on expected collections, current economic conditions, forward-looking information, and management's evaluation of individual receivables. Accounts receivable are written off when deemed uncollectible. Management has determined that no allowance is necessary at August 31, 2025 and 2024.

Promises to Give

Unconditional promises to give are recorded as receivables and revenue in the period the promise is made. All contributions are recorded at the promised amount. Conditional promises to give are not recorded until the condition is either substantially met or is deemed remote that the condition will not be met. Management has determined that the discount on promises to give is immaterial and a discount has not been recorded at year-end. An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, an assessment of economic conditions, and a review of subsequent collections. At August 31, 2025 and 2024, the allowance for uncollectible promises to give was $30,440 and $5,440, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment with a purchase cost of $2,000 or greater is stated at cost and is depreciated on a straight-line basis over the estimated useful lives of the respective depreciable assets. Repairs and maintenance are charged as an expense when incurred.

Leases

STC determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent STC's right to use an underlying asset for the lease term and lease liabilities represent STC's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that STC will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. STC has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, STC has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. STC has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Investments

Investments consist of publicly traded certificates of deposit (CDs) carried at fair value. Net investment return is reported in the consolidated statements of activities and consists of interest income and realized and unrealized gains and losses less external investment expenses. Investment balances were $2,840,508 and $2,388,415 for the years ended August 31, 2025 and 2024, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions, net assets for a future period or for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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.

STC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor. Total contributions and grants at August 31, 2025 and 2024, consists of 28% and 38% from one source, respectively.

Revenue from ticket sales for performances are recognized over time as the performance takes place when the performance obligation of the ticket has been met. School contracts is recognized over time as the specific performance obligations outlined in the contract have been met. Tuition revenue, CPT income, touring income, and advertising income are recognized over the period of time in which the performance obligations are met. Concessions income is recognized at point of sale, at a point in time.

The following table shows STC's exchange revenue disaggregated according to the timing of the transfer of goods or services at August 31:

	2025	2024
Revenue Recognized Over Time:		
Ticket Sales	$ 1,528,845	$ 1,445,613
School Contracts	278,570	263,570
Tuition	812,527	761,272
CPT Income	18,298	18,373
Touring Income	6,500	6,500
Advertising Income	18,375	19,950
Total Revenue Recognized Over Time	$ 2,663,115	$ 2,515,278
Revenue Recognized at Point in Time:		
Concessions Income	$ 25,205	$ 13,355
Total Revenue Recognized at Point in Time	$ 25,205	$ 13,355

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

The following table provides information about significant changes in STC's deferred revenue derived from revenue from contracts with customers for which the performance obligations have not yet been met for the years ending August 31:

	2025	2024	2023
Deferred Ticket Sales	$ 156,049	$ 108,965	$ 101,911
Deferred Tuition Revenue	64,358	63,132	67,823
Deferred Revenue - Gift Certificates and Coupons	72,060	69,525	56,080
Total Deferred Revenue	$ 292,467	$ 241,622	$ 225,814

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred except for advertising related to productions which is expensed in the period the performance takes place. Advertising and promotion expense was $59,121 and $76,960 during the years ended August 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

Expenses directly attributed to a specific functional area of STC are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Salaries and related expenses are allocated based on job descriptions and management estimates of how employees spend their time. Occupancy and printing and copying are allocated based on square footage used. All other allocated expenses are based on management estimates of employee time.

Income Taxes

Stages Theatre Company is incorporated as a nonprofit corporation under the applicable laws of the state of Minnesota. STC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except to the extent it has taxable income from activities that are not related to its exempt purpose. CPT Services is an S-Corporation and is not a tax paying entity. All tax effects are passed through to STC. STC generates unrelated business income from advertising sales and CPT Services. STC incurred $3,458 of tax expense in 2025 and $1,412 in 2024. STC believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the consolidated financial statements.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revisions
Certain revisions of amounts previously reported have been made to the accompanying financial statements. In footnote 2 of the financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to $2,658,350. The revision had no impact on previously reported net assets.

Subsequent Events
STC has evaluated subsequent events through November 24, 2025, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2025	2024
Cash and Cash Equivalents	$ 1,339,987	$ 1,277,288
Accounts Receivable	390	990
Promises to Give, Current	273,477	298,775
Investments	2,840,508	2,388,415
Subtotal	4,454,362	3,965,468
Less Amounts Not Available to be Used Within One Year:		
Funds Held for Others	(8,092)	(8,092)
Net Assets With Donor Restrictions	(1,358,621)	(1,149,026)
Board Designated Net Assets	(125,000)	(150,000)
Total	$ 2,962,649	$ 2,658,350

STC's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of STC's liquidity management plan, STC invests cash in excess of daily requirements in CDs at a variety of banks and money market funds. CDs mature from March 2026 through May 2028. Management reviews monthly reports for cash trends, prior year comparisons, and monitors average days cash on hand.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

STC reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be assessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for The asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quote prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, STC develops inputs using the best information available in these circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to STC's assessment of the quality, risk, or liquidity profile of the asset or liability.

The following tables present assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at August 31:

	2025			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 2,840,508	$ -	$ 2,840,508
Total	$ -	$ 2,840,508	$ -	$ 2,840,508

	2024			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 2,388,415	$ -	$ 2,388,415
Total	$ -	$ 2,388,415	$ -	$ 2,388,415

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at August 31:

	2025	2024
Operating Fund:		
Within One Year	$ 131,205	$ 172,024
Campaign Fund:		
Within One Year	172,712	132,191
In One to Five Years	-	65,162
Subtotal	303,917	369,377
Less: Allowance for Uncollectible Promises to Give	(30,440)	(5,440)
Total	$ 273,477	$ 363,937

At August 31, 2025, 80% of the promises to give balance is from two donors. At August 31, 2024, 78% of the promises to give balance was from two donors.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31:

	2025	2024
Production Equipment	$ 649,764	$ 546,459
Furniture and Equipment	141,836	141,836
Subtotal	791,600	688,295
Less: Accumulated Depreciation	(637,815)	(607,819)
Total Property and Equipment	$ 153,785	$ 80,476

Depreciation and amortization expense totaled $29,996 and $26,606 for the years ended August 31, 2025 and 2024, respectively.

NOTE 6 LEASES

STC leases office, theater, and storage spaces under operating leases. The office and theater space lease expires in August 2033. The office and theater space rent increases 3% annually and monthly payments are $17,712 at August 31, 2025. Rent expense was $279,490 and $151,104 for 2025 and 2024, respectively.

STC also leases certain office equipment under leases which expire through April 2029. Lease expense was $5,636 and $8,075 in 2025 and 2024, respectively.

NOTE 6 LEASES (CONTINUED)

The following table provides Stages Theatre Company's right-of-use assets and lease liabilities for the year ended August 31, 2025.

	2025	2024
Right-of-Use Assets:		
Operating Leases	$ 1,687,277	$ 1,801,697
Total	$ 1,687,277	$ 1,801,697
Lease Liabilities:		
Current:		
Operating Leases	$ 184,722	$ 166,886
Noncurrent:		
Operating Leases	1,559,174	1,666,687
Total	$ 1,743,896	$ 1,833,573

The following table provides quantitative information concerning STC's leases for the year ended August 31, 2025.

	2025	2024
Operating Lease Costs	$ 276,227	$ 276,642
Total Lease Costs	$ 276,227	$ 276,642
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 251,486	$ 246,026
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 88,382	$ 1,940,878
Weighted-Average Remaining Lease Term:		
Operating Leases	7.7 Years	8.9 Years
Weighted-Average Discount Rate:		
Operating Leases	4.15%	4.15%

NOTE 6 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2025, is as follows:

Year Ending August 31,	Operating Leases
2026	$ 252,805
2027	260,573
2028	254,538
2029	242,060
2030	247,600
Thereafter	792,137
Total Lease Payments	2,049,713
Less: Interest	(305,817)
Present Value of Lease Liabilities	$ 1,743,896

NOTE 7 ENDOWMENT

STC's endowment (the Endowment) consists of one donor-restricted fund established to support new play development by bringing nationally recognized playwrights to STC, helping STC co-create and produce new works, and allowing STC to send young artists to national workshops. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

STC is subject to the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classified amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

NOTE 7 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

The board of directors of STC has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, STC considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. STC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law. Additionally, in accordance with UPMIFA, STC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of STC and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation
- The expected total return from income and the appreciation of investments
- Other resources of STC
- The investment policies of STC

The following is a summary of endowment funds subject to UPMIFA for the years ended August 31:

August 31, 2025	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 257,170	$ 257,170
Interest and Dividends	-	8,430	8,430
Realized and Unrealized Gains	-	2,683	2,683
Contributions	-	24,174	24,174
Endowment Net Assets - End of Year	$ -	$ 292,457	$ 292,457

August 31, 2024	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 191,644	$ 191,644
Interest and Dividends	-	5,723	5,723
Realized and Unrealized Gains	-	6,438	6,438
Contributions	-	53,365	53,365
Endowment Net Assets - End of Year	$ -	$ 257,170	$ 257,170

NOTE 7 ENDOWMENT (CONTINUED)

Underwater Endowment Funds

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). STC has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At August 31, 2025 and 2024, there were no underwater endowment funds.

Return Objectives and Risk Parameters

STC has adopted investment 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 STC must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results to provide for income without undue exposure to risk. STC expects its endowment funds, over time, to provide an average rate of return exceeding 1.5%. Actual returns in any given year may vary from this amount.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Net assets with donor restrictions are restricted for the following purposes as of August 31:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Campaign Fund - Mentorship	$ 55,000	$ 55,000
Campaign Fund - Next Generation	952,113	814,556
Time Restricted	117,900	159,879
Productions	59,051	22,300
Total	1,184,064	1,051,735
Endowments:		
Subject to Appropriation and Expenditure When a Specified Event Occurs:		
Restricted by Donors for:		
Campaign Fund - New Play Endowment	23,798	12,685
Original Donor Restricted Gift Amount to be Maintained in Perpetuity:		
Campaign Fund - New Play Endowment	268,659	244,485
Total Endowments	292,457	257,170
Total Net Assets With Donor Restrictions	$ 1,476,521	$ 1,308,905

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

STC embarked on a multi-year Next Generation Campaign in 2020. Funds raised with this campaign will be used to sustain, innovate, and expand programming to inspire the next generation of leaders, young people, and families of Stages Theatre Company. Key components of the campaign include funding for artistic excellence, advancing theatrical magic, education and mentorship, outreach and access, and capacity building.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended August 31:

	2025	2024
Expiration of Time Restrictions	$ 152,209	$ 128,563
Satisfaction of Purpose Restrictions:		
Productions	20,500	10,500
Sponsorship	-	50,000
Total	$ 172,709	$ 189,063

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

During the years ended August 31, 2025 and 2024, STC recognized the following contributed nonfinancial assets by function:

	2025	2024
Program:		
Marketing	$ 11,975	$ 17,725
Professional Services	2,500	1,560
Capitalized Vehicle and Equipment	92,280	-
Fundraising:		
Event Auction Items	40,370	27,920
Event Services	8,800	10,352
Total	$ 155,925	$ 57,557

Marketing, contract labor, supplies, and vehicle and equipment are used for programmatic activities. Certain donated supplies are used for fundraising activities. STC recognizes these in-kind contributions of goods or services at the estimated fair value that would have otherwise been paid for those goods or the estimated rates for similar services. None of the contributed nonfinancial assets had donor-imposed restrictions on their use.

NOTE 10 RELATED PARTY TRANSACTIONS

STC's board members and staff make donations to STC throughout the year. During the years ended August 31, 2025 and 2024, pledges receivable from current board members and staff were approximately $163,712 and $171,502 respectively, or 55% and 47% of total net pledges receivable. During the years ended August 31, 2025 and 2024, contributions from current board members and staff were $93,283 and $34,820, respectively.

STAGES THEATRE COMPANY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Stages Theatre Company, Inc.				
	Operating Fund	Campaign Fund	CPT Services	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	1,120,333	$ 175,102	$ 44,552	$ -	$ 1,339,987
Accounts Receivable, Net	-	-	390	-	390
Intercompany Receivable	45,979	149,302	-	(195,281)	-
Promises to Give, Net	131,205	142,272	-	-	273,477
Prepaid Expenses and Other Assets	211,325	-	-	-	211,325
Total Current Assets	1,508,842	466,676	44,942	(195,281)	1,825,179
Investments	1,168,401	1,672,107	-	-	2,840,508
Property and Equipment, Net	74,606	79,179	-	-	153,785
Security Deposit	2,150	-	-	-	2,150
Right-of-Use Assets	1,687,277	-	-	-	1,687,277
Total Assets	$ 4,441,276	$ 2,217,962	$ 44,942	$ (195,281)	$ 6,508,899
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	$ 36,645	$ 1,115	$ -	$ -	$ 37,760
Intercompany Payable	149,302	-	45,979	(195,281)	-
Accrued Expenses	116,397	-	-	-	116,397
Funds Held for Others	287	-	7,805	-	8,092
Current Lease Liability	184,722	-	-	-	184,722
Deferred Revenue	292,467	-	-	-	292,467
Total Current Liabilities	779,820	1,115	53,784	(195,281)	639,438
LONG-TERM LIABILITIES					
Long-Term Lease Liability	1,559,174	-	-	-	1,559,174
Total Liabilities	2,338,994	1,115	53,784	(195,281)	2,198,612
NET ASSETS					
Without Donor Restrictions:					
Undesignated	1,925,331	642,277	(8,842)	-	2,558,766
Board-Designated	-	275,000	-	-	275,000
Total Without Donor Restrictions	1,925,331	917,277	(8,842)	-	2,833,766
With Donor Restrictions	176,951	1,299,570	-	-	1,476,521
Total Net Assets	2,102,282	2,216,847	(8,842)	-	4,310,287
Total Liabilities and Net Assets	$ 4,441,276	$ 2,217,962	$ 44,942	$ (195,281)	$ 6,508,899

STAGES THEATRE COMPANY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Stages Theatre Company, Inc.							
	Without Donor Restrictions		With Donor Restrictions					
	Operating Fund	Campaign Fund	Operating Fund	Campaign Fund	Total	CPT Services	Eliminations	Consolidated
REVENUE AND SUPPORT								
Grants and Contributions	$ 255,154		$ 167,481	$ 161,731	$ 584,366	$ -	$ -	$ 584,366
Ticket Sales	1,528,845	-	-	-	1,528,845	-	-	1,528,845
School Contracts	278,570	-	-	-	278,570	-	-	278,570
Tuition	812,527	-	-	-	812,527	-	-	812,527
CPT Income	-	-	-	-	-	18,298	-	18,298
Touring Income	6,500	-	-	-	6,500	-	-	6,500
Concessions Income	25,205	-	-	-	25,205	-	-	25,205
Advertising Income	18,375	-	-	-	18,375	-	-	18,375
Special Event	25,696	-	-	-	25,696	-	-	25,696
Contributed Nonfinancial Assets	63,645	92,280	-	-	155,925	-	-	155,925
Investment Income, Net	64,607	56,931	-	11,113	132,651	-	-	132,651
Other Income	7,040	-	-	-	7,040	-	-	7,040
Transfer to (from) Board-Designated Reserves	(125,000)	125,000	-	-	-	-	-	-
Net Assets Released from Restrictions	172,709	-	(172,709)	-	-	-	-	-
Total Support and Revenue	3,133,873	274,211	(5,228)	172,844	3,575,700	18,298	-	3,593,998
EXPENSES								
Program Services	2,480,398	-	-	-	2,480,398	13,910	-	2,494,308
Support Services:								
General and Administrative	567,877	-	-	-	567,877	-	-	567,877
Fundraising	27,590	74,744	-	-	102,334	-	-	102,334
Total Expenses	3,075,865	74,744	-	-	3,150,609	13,910	-	3,164,519
CHANGE IN NET ASSETS	58,008	199,467	(5,228)	172,844	425,091	4,388	-	429,479
Net Assets - Beginning of Year	1,867,323	717,810	182,179	1,126,726	3,894,038	(13,230)	-	3,880,808
NET ASSETS - END OF YEAR	$ 1,925,331	$ 917,277	$ 176,951	$ 1,299,570	$ 4,319,129	$ (8,842)	$ -	$ 4,310,287

STAGES THEATRE COMPANY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Stages Theatre Company and Campaign Fund							
	Program (Production)	Program (Education)	Program (O & A)	Management and General	Fundraising	Total	CPT Services (Program)	Total
Salaries	$ 714,246	$ 656,856	$ 30,745	$ 250,065	$ 64,063	$ 1,715,975	$ 5,152	$ 1,721,127
Payroll Taxes	51,347	49,300	2,194	19,114	4,630	126,585	447	127,032
Employee Benefits	30,269	21,147	1,999	20,626	3,538	77,579	-	77,579
Subtotal	795,862	727,303	34,938	289,805	72,231	1,920,139	5,599	1,925,738
Occupancy	127,167	116,949	5,474	25,526	8,509	283,625	-	283,625
Professional Services	62,847	10,638	479	66,859	1,880	142,703	8,311	151,014
Supplies	76,833	11,950	4,055	7,417	11,486	111,741	-	111,741
Marketing and Advertising	21,970	9,192	430	27,530	-	59,122	-	59,122
Depreciation and Amortization	12,485	11,482	538	4,371	1,120	29,996	-	29,996
Printing and Copying	23,861	21,944	1,027	4,790	1,597	53,219	-	53,219
Contract Labor	78,925	14,125	5,550	4,725	769	104,094	-	104,094
Credit Card Processing Fees	-	-	-	82,922	-	82,922	-	82,922
Telephone and Internet	6,084	5,595	262	2,130	546	14,617	-	14,617
Insurance	10,092	9,281	434	3,533	905	24,245	-	24,245
Royalty Expense	191,974	4,437	-	-	-	196,411	-	196,411
Postage	10,966	10,085	472	3,839	984	26,346	-	26,346
Dues, Subscriptions, and Memberships	5,860	5,389	252	2,052	526	14,079	-	14,079
Travel	9,246	1,920	1,691	1,836	-	14,693	-	14,693
Equipment Rental and Maintenance	4,083	890	60	6,292	615	11,940	-	11,940
Meetings	8,260	7,596	356	2,892	741	19,845	-	19,845
Bad Debt	-	-	-	29,700	-	29,700	-	29,700
Miscellaneous	4,529	4,356	204	1,658	425	11,172	-	11,172
Subtotal	655,182	245,829	21,284	278,072	30,103	1,230,470	8,311	1,238,781
Total Expenses by Function	$ 1,451,044	$ 973,132	$ 56,222	$ 567,877	$ 102,334	$ 3,150,609	$ 13,910	$ 3,164,519

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