

COLONIAL FOX THEATRE FOUNDATION

**Auditor's Report and Financial Statements
For the year ended
December 31, 2021**



W. BENMILLER, CPALLC

Colonial Fox Theatre Foundation
For the Year Ended December 31, 2021

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W. BENMILLER, CP LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Colonial Fox Theatre Foundation

Opinion

We have audited the accompanying financial statements of Colonial Fox Theatre Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities 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 Colonial Fox Theatre Foundation as of December 31, 2021, 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 Colonial Fox Theatre Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Colonial Fox Theatre Foundation'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 Colonial Fox Theatre Foundation'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 Colonial Fox Theatre Foundation'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.

W. Ben Miller, CPA LLC
Webb City, Missouri
INSERT DATE

Colonial Fox Theatre Foundation
Statement of Financial Position
December 31, 2021

Current Assets	
Unrestricted cash and cash equivalents	\$ 268,197
Restricted cash and cash equivalents	104,005
Other assets	1,099
Total current assets	373,301
 Property and Equipment	
Land, buildings, and improvement	2,454,383
Equipment and fixtures	15,445
	2,469,828
Accumulated depreciation	(15,445)
Total property and equipment	2,454,383
 Total Assets	
	\$2,827,684
 Current Liabilities	
Accounts Payable	\$ 1,574
Total current liabilities	1,574
 Net Assets	
Assets without donor restrictions	2,722,105
Assets with donor restrictions	104,005
Total net assets	2,826,110
 Total Liabilities and Net Assets	
	\$2,827,684

See independent auditor's report and notes to the financial statements

**Colonial Fox Theatre Foundation
Statement of Activities
For the Year Ended December 31, 2021**

Unrestricted Net Assets

Revenues and gains	
Contributions	\$ 127,337
Grants	46,355
In-kind contributions	2,466
Miscellaneous income	14,386
Interest income	172
Total revenues and gains	<u>190,716</u>

Support provided by expiring time and purpose restrictions	<u>43</u>
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Total unrestricted revenues and gains and other support	<u>190,759</u>
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Expenses

Program services	174,938
Management and general	8,397
Fundraising	75,351
Total expenses	<u>258,686</u>

Decrease in unrestricted net assets	<u>(67,927)</u>
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With Donor Restrictions

Community Keystone Campaign contributions	104,048
Expenditures that meet purpose restrictions	<u>(43)</u>
Increase in net assets with donor restrictions	<u>104,005</u>

Change in Net Assets	36,078
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Net Assets, Beginning of Year	<u>2,790,032</u>
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Net Assets, End of Year	<u><u>\$2,826,110</u></u>
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See independent auditor's report and notes to the financial statements

**Colonial Fox Theatre Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2021**

	Program Services	Management and General	Fundraising	Total
Payroll expenses	\$ 110,526	\$ 4,859	\$ 23	\$ 115,408
Professional Fees	2,190	96	1,141	3,427
Advertising and Promotion	123	5	-	128
Office Expenses	14,551	639	4	15,194
Occupancy	31,227	1,373	7	32,607
Travel	1,033	-	-	1,033
Depreciation	226	-	-	226
Information technology	3,969	175	1	4,145
Insurance	8,484	373	2	8,859
Campaign expense	-	766	74,173	74,939
Grant fees	96	4	-	100
Taxes and licenses	38	2	-	40
Miscellaneous expense	2,475	105	-	2,580
	<u>\$ 174,938</u>	<u>\$ 8,397</u>	<u>\$ 75,351</u>	<u>\$ 258,686</u>

See independent auditor's report and notes to the financial statements

**Colonial Fox Theatre Foundation
Statement of Cash Flows
For the Year Ended December 31, 2021**

Cash Flows From Operating Activities

Change in net assets	\$ 36,078
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	226
Changes in operating assets and liabilities	
Increase in other current assets	(1,099)
Decrease in accrued expenses	(982)
	34,223
Net cash flows from operating activities	34,223

Cash Flows From Investing Activities

Purchase of property and equipment	(9,415)
	(9,415)
Net cash flows from investing activities	(9,415)

Cash Flows From Financing Activities

Forgiveness of SBA PPP loan	(16,175)
	(16,175)
Net cash flows from financing activities	(16,175)

Net Increase in Cash and Cash Equivalents 8,633

Cash and Cash Equivalents - Beginning of Year 363,569

Cash and Cash Equivalents - End of Year \$ 372,202

Cash and Cash Equivalents Consist of the Following:

Unrestricted cash and cash equivalents	\$ 268,197
Restricted cash and cash equivalents	104,005
	\$ 372,202

See independent auditor's report and notes to the financial statements

Colonial Fox Theatre Foundation
Notes to the Financial Statements
December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities – The Colonial Fox Theatre Foundation works to restore the historic Colonial Fox Theatre to be an enduring dynamic cultural center enriching the quality of life and economic vitality of Pittsburg and surrounding communities.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Net Assets - The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

See independent auditor's report

Colonial Fox Theatre Foundation
Notes to the Financial Statements
December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Classification of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Property and equipment – The Organization capitalizes property and equipment over \$5,000. Property and equipment acquired by purchase are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on their estimated useful lives, ranging from 5 to 39 years. Depreciation was \$226 for the year ended December 31, 2021. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributed Services - During the year ended December 31, 2021, the value of contributed services included in the financial statements was \$2,466. These services were recorded as in-kind contributions in the statement of activities.

Accounting for Contributions - Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Income Tax Status - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

See independent auditor's report

Colonial Fox Theatre Foundation
Notes to the Financial Statements
December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Expense Recognition and Allocation - The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Other costs are allocated based on tracking by management and consistent use of general ledger coding.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

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

Note 2 – Significant Concentrations of Credit Risk

Concentration of Credit Risk - The Organization maintains its cash balances at financial institutions located in Southeast Kansas. Accounts held by the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had \$17,237 in cash and cash equivalents over the insured level at December 31, 2021.

Note 3 – Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2021 consisted of funds raised for Community Keystone Campaign, with cash restricted for the purpose of finishing the renovation and the completion of the Colonial Fox Theatre in Pittsburg, Kansas.

Colonial Fox Theatre Foundation
Notes to the Financial Statements
December 31, 2021

Note 4 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021:

Financial assets

Cash and cash equivalents	\$ 372,202
Total financial assets	<u>372,202</u>

Less financial assets held to meet

Net asset with donor restrictions	<u>(104,005)</u>
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**Amount available for general
expenditures within one year**

<u>268,197</u>

Note 5 – Risks and Uncertainties

During the early part of 2020, the spread of the coronavirus (COVID-19) in the United States began to impact the Organization's operations. Government recommendations and mandates have caused the Organization to modify normal operations and renovation activities, and individuals were strongly urged to avoid public contact to control the spread of COVID-19, causing temporary disruptions to the Organization's activities. These events will likely have a financial impact on the revenues and expenses of the Organization; an estimate of the financial effects of these events can't be made at this time due to the uncertainties of the duration of these effects, and the uncertainty related to sources of revenue, such as individual and corporate giving, and grant funding.

Note 6 – Payroll Protection Program Funds

During 2020, the Organization received a Payroll Protection Program ("PPP") loan backed by the Small Business Administration in the amount of \$16,175, and once forgiveness requirements were met, the Organization submitted an application for forgiveness of the PPP note. If the note balance had not been forgiven, the note would have been repaid over a 2 year period at an interest rate of 1%. During 2021, the note was forgiven by the SBA, and therefore income in the amount of \$16,175 was recognized in the fiscal year ended December 31, 2021.

In 2021, the Organization qualified for and received a second PPP loan for \$16,175. If forgiveness requirements had not been met for the note, the note would have been required to be repaid over a 5 year period at an interest rate of 1%. During 2021, the note was forgiven by the SBA, and therefore income in the amount of \$16,175 was recognized in the fiscal year ended December 31, 2021.

Total PPP loan program income recognized for the year ended December 31, 2021 was \$32,350. The Organization also received \$14,000 in Targeted EIDL Advances during the year ended December 31, 2021. The EIDL funds do not require repayment.

See independent auditor's report

**Colonial Fox Theatre Foundation
Notes to the Financial Statements
December 31, 2021**

Note 7 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through INSERT DATE, the date which the financial statements were available to be issued.

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