

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Financial Statements
August 31, 2025 and 2024
With Independent Auditor's Report**

Roundabout Theatre Company, Inc. and Subsidiary
Table of Contents
August 31, 2025 and 2024

Independent Auditor's Report	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

Independent Auditor's Report

To the Board of Trustees of
Roundabout Theatre Company, Inc. and Subsidiary:

Opinion

We have audited the consolidated financial statements of Roundabout Theatre Company, Inc. and its wholly owned subsidiary, Roundabout Theatre Company Productions, Inc. (collectively referred to as the "Organization"), 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2025 and 2024, and the changes in their consolidated net assets and their 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

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

Withum Smith & Brown, PC

December 16, 2025

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statements of Financial Position
August 31, 2025 and 2024**

	2025					2024				
	Without Donor Restrictions			With Donor Restrictions		Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Board Designated	Total	Restrictions	Total	Undesignated	Board Designated	Total	Restrictions	Total
Assets										
Current assets										
Cash and cash equivalents	\$ 2,749,065	\$ 4,896,076	\$ 7,645,141	\$ 4,628,997	\$ 12,274,138	\$ 4,736,765	\$ 2,682,203	\$ 7,418,968	\$ 412,370	\$ 7,831,338
Accounts receivable	2,831,881	-	2,831,881	-	2,831,881	2,803,233	-	2,803,233	-	2,803,233
NYS tax credit receivable	2,451,884	-	2,451,884	-	2,451,884	-	-	-	-	-
Unconditional promises to give, net	1,871,388	425,326	2,296,714	6,855,316	9,152,030	1,413,585	595,819	2,009,404	5,335,000	7,344,404
Investments	15,180,164	47,533,562	62,713,726	-	62,713,726	15,207,814	53,919,942	69,127,756	-	69,127,756
Interfund	685,170	(685,170)	-	-	-	(199,127)	199,127	-	-	-
Prepaid expenses	484,527	-	484,527	-	484,527	451,560	-	451,560	-	451,560
Prepaid production costs	433,076	-	433,076	-	433,076	1,544,795	-	1,544,795	-	1,544,795
Total current assets	<u>26,687,155</u>	<u>52,169,794</u>	<u>78,856,949</u>	<u>11,484,313</u>	<u>90,341,262</u>	<u>25,958,625</u>	<u>57,397,091</u>	<u>83,355,716</u>	<u>5,747,370</u>	<u>89,103,086</u>
Unconditional promises to give, net	-	-	-	18,474,363	18,474,363	-	-	-	22,640,906	22,640,906
Investments	-	-	-	4,059,376	4,059,376	-	-	-	4,488,169	4,488,169
Interest rate swap	813,229	-	813,229	-	813,229	1,202,853	-	1,202,853	-	1,202,853
Restricted cash and cash equivalents	1,300,000	-	1,300,000	-	1,300,000	1,300,000	-	1,300,000	-	1,300,000
NYS tax credit receivable	2,172,987	-	2,172,987	-	2,172,987	-	-	-	-	-
Property and equipment, at cost, net of accumulated depreciation and amortization	52,493,092	-	52,493,092	2,599,350	55,092,442	50,863,498	-	50,863,498	-	50,863,498
Right-of-use asset - operating, net	23,233,034	-	23,233,034	-	23,233,034	25,545,281	-	25,545,281	-	25,545,281
Security deposits	309,662	-	309,662	-	309,662	299,022	-	299,022	-	299,022
Other assets	20,000	-	20,000	-	20,000	20,000	-	20,000	-	20,000
Total assets	<u>\$ 107,029,159</u>	<u>\$ 52,169,794</u>	<u>\$ 159,198,953</u>	<u>\$ 36,617,402</u>	<u>\$ 195,816,355</u>	<u>\$ 105,189,279</u>	<u>\$ 57,397,091</u>	<u>\$ 162,586,370</u>	<u>\$ 32,876,445</u>	<u>\$ 195,462,815</u>
Liabilities and Net Assets										
Liabilities										
Current liabilities										
Loan payable	\$ 13,564,756	\$ -	\$ 13,564,756	\$ -	\$ 13,564,756	\$ 13,564,756	\$ -	\$ 13,564,756	\$ -	\$ 13,564,756
Accounts payable and accrued expenses	7,142,509	-	7,142,509	-	7,142,509	4,906,859	-	4,906,859	-	4,906,859
Salaries and other payroll related payables	1,776,819	-	1,776,819	-	1,776,819	1,711,847	-	1,711,847	-	1,711,847
Advance renter ticket sales	3,677,816	-	3,677,816	-	3,677,816	3,838,472	-	3,838,472	-	3,838,472
Advance admissions and subscriptions	2,609,172	-	2,609,172	-	2,609,172	4,129,332	-	4,129,332	-	4,129,332
Current portion of lease liabilities - operating	2,494,329	-	2,494,329	-	2,494,329	3,013,748	-	3,013,748	-	3,013,748
Total current liabilities	<u>31,265,401</u>	<u>-</u>	<u>31,265,401</u>	<u>-</u>	<u>31,265,401</u>	<u>31,165,014</u>	<u>-</u>	<u>31,165,014</u>	<u>-</u>	<u>31,165,014</u>
Lease liabilities - operating, less current portion	23,592,555	-	23,592,555	-	23,592,555	25,438,082	-	25,438,082	-	25,438,082
Total liabilities	<u>54,857,956</u>	<u>-</u>	<u>54,857,956</u>	<u>-</u>	<u>54,857,956</u>	<u>56,603,096</u>	<u>-</u>	<u>56,603,096</u>	<u>-</u>	<u>56,603,096</u>
Net assets (deficit)										
Without donor restrictions										
Property and equipment, net	52,493,092	-	52,493,092	-	52,493,092	50,863,498	-	50,863,498	-	50,863,498
Board designated	-	52,169,794	52,169,794	-	52,169,794	-	57,397,091	57,397,091	-	57,397,091
Undesignated (accumulated deficit)	(321,889)	-	(321,889)	-	(321,889)	(2,277,315)	-	(2,277,315)	-	(2,277,315)
With donor restrictions	-	-	-	36,617,402	36,617,402	-	-	-	32,876,445	32,876,445
Total net assets	<u>52,171,203</u>	<u>52,169,794</u>	<u>104,340,997</u>	<u>36,617,402</u>	<u>140,958,399</u>	<u>48,586,183</u>	<u>57,397,091</u>	<u>105,983,274</u>	<u>32,876,445</u>	<u>138,859,719</u>
Total liabilities and net assets	<u>\$ 107,029,159</u>	<u>\$ 52,169,794</u>	<u>\$ 159,198,953</u>	<u>\$ 36,617,402</u>	<u>\$ 195,816,355</u>	<u>\$ 105,189,279</u>	<u>\$ 57,397,091</u>	<u>\$ 162,586,370</u>	<u>\$ 32,876,445</u>	<u>\$ 195,462,815</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended August 31, 2025 and 2024**

	2025					2024				
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total			Undesignated	Board Designated	Total		
Operating activities										
Public support and other revenue										
Public support - contributions of financial assets										
Government, foundations, corporations and individuals	\$ 9,804,405	\$ -	\$ 9,804,405	\$ 5,138,138	\$ 14,942,543	\$ 8,616,458	\$ 1,620,978	\$ 10,237,436	\$ 24,367,827	\$ 34,605,263
Fundraising events revenue	5,003,745	-	5,003,745	-	5,003,745	5,170,870	-	5,170,870	-	5,170,870
Less: Direct costs of fundraising events	(1,408,183)	-	(1,408,183)	-	(1,408,183)	(1,305,057)	-	(1,305,057)	-	(1,305,057)
Fundraising events, net	3,595,562	-	3,595,562	-	3,595,562	3,865,813	-	3,865,813	-	3,865,813
Appropriation from board designated fund	3,505,972	-	3,505,972	-	3,505,972	4,774,105	-	4,774,105	-	4,774,105
Appropriation from endowment	124,000	-	124,000	-	124,000	125,805	-	125,805	-	125,805
Net assets released from time and purpose restriction										
Government, foundations, corporations and individuals	2,420,382	50,000	2,470,382	(2,470,382)	-	2,762,000	2,075,000	4,837,000	(4,837,000)	-
Contributions of non-financial assets	154,557	729	155,286	-	155,286	214,707	1,649	216,356	-	216,356
Total public support	19,604,878	50,729	19,655,607	2,667,756	22,323,363	20,358,888	3,697,627	24,056,515	19,530,827	43,587,342
Other revenue										
Rental income	24,174,138	-	24,174,138	-	24,174,138	17,083,179	-	17,083,179	-	17,083,179
Admissions and subscriptions, net of credit card fees of \$338,509 (2025) and \$436,971 (2024)	17,862,030	-	17,862,030	-	17,862,030	16,553,923	-	16,553,923	-	16,553,923
NYS tax credit income	4,624,871	-	4,624,871	-	4,624,871	-	-	-	-	-
Ticket handling fees	4,228,289	-	4,228,289	-	4,228,289	3,046,908	-	3,046,908	-	3,046,908
Concession and merchandise income	1,772,592	-	1,772,592	-	1,772,592	1,433,633	-	1,433,633	-	1,433,633
Facility fees	1,538,743	-	1,538,743	-	1,538,743	1,232,270	-	1,232,270	-	1,232,270
Proceeds from non-recourse loan	1,000,000	-	1,000,000	-	1,000,000	-	-	-	-	-
Education income	346,768	-	346,768	-	346,768	243,992	-	243,992	-	243,992
Investment return, net	143,822	-	143,822	-	143,822	169,851	-	169,851	-	169,851
Sales of sets	100,000	-	100,000	-	100,000	-	-	-	-	-
Royalty income	122,585	-	122,585	-	122,585	111,205	-	111,205	-	111,205
Other income	112,587	-	112,587	-	112,587	116,054	-	116,054	-	116,054
Insurance premium refund	38,005	-	38,005	-	38,005	27,201	-	27,201	-	27,201
Enhancement income	-	-	-	-	-	497,580	-	497,580	-	497,580
Total other revenue	56,064,430	-	56,064,430	-	56,064,430	40,515,796	-	40,515,796	-	40,515,796
Total public support and other revenue	75,669,308	50,729	75,720,037	2,667,756	78,387,793	60,874,684	3,697,627	64,572,311	19,530,827	84,103,138
Expenses										
Program services	71,028,208	-	71,028,208	-	71,028,208	56,062,422	-	56,062,422	-	56,062,422
Supporting services										
Management and general	5,489,202	-	5,489,202	-	5,489,202	4,979,942	-	4,979,942	-	4,979,942
Fundraising	4,255,870	1,034,734	5,290,604	-	5,290,604	3,872,201	833,019	4,705,220	-	4,705,220
Total supporting services	9,745,072	1,034,734	10,779,806	-	10,779,806	8,852,143	833,019	9,685,162	-	9,685,162
Total expenses	80,773,280	1,034,734	81,808,014	-	81,808,014	64,914,565	833,019	65,747,584	-	65,747,584
Changes in net assets before non-operating activities (carried forward)	(5,103,972) *	(984,005)	(6,087,977)	2,667,756	(3,420,221)	(4,039,881) *	2,864,608	(1,175,273)	19,530,827	18,355,554
* Includes depreciation of \$4,675,477 (2025) and \$4,620,229 (2024)										
Changes in net assets before depreciation and non-operating activities	\$ (428,495)					\$ 580,348				

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended August 31, 2025 and 2024**

	2025					2024				
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total			Undesignated	Board Designated	Total		
Changes in net assets before non-operating activities (carried forward)	\$ (5,103,972)	\$ (984,005)	\$ (6,087,977)	\$ 2,667,756	\$ (3,420,221)	\$ (4,039,881)	\$ 2,864,608	\$ (1,175,273)	\$ 19,530,827	\$ 18,355,554
Non-operating activities										
Public support - contributions of financial assets for capital campaign										
Government, foundations, corporations and individuals	-	587,826	587,826	2,842,685	3,430,511	-	-	-	-	-
Contributions for other capital projects	55,755	-	55,755	-	55,755	175,750	-	175,750	-	175,750
Change in value of interest rate swap	(389,624)	-	(389,624)	-	(389,624)	(659,973)	-	(659,973)	-	(659,973)
Investment return, net	-	5,747,715	5,747,715	304,516	6,052,231	-	10,953,563	10,953,563	423,667	11,377,230
Appropriation from board designated fund	9,022,861	(12,528,833)	(3,505,972)	-	(3,505,972)	4,320,000	(9,094,105)	(4,774,105)	-	(4,774,105)
Appropriation from endowment	-	-	-	(124,000)	(124,000)	-	-	-	(125,805)	(125,805)
Net assets released from time and purpose restriction										
Government, foundations, corporations and individuals	-	1,950,000	1,950,000	(1,950,000)	-	-	-	-	-	-
Reversal of additional rent	-	-	-	-	-	251,011	-	251,011	-	251,011
Total non-operating activities	<u>8,688,992</u>	<u>(4,243,292)</u>	<u>4,445,700</u>	<u>1,073,201</u>	<u>5,518,901</u>	<u>4,086,788</u>	<u>1,859,458</u>	<u>5,946,246</u>	<u>297,862</u>	<u>6,244,108</u>
Changes in net assets	3,585,020	(5,227,297)	(1,642,277)	3,740,957	2,098,680	46,907	4,724,066	4,770,973	19,828,689	24,599,662
Net assets										
Beginning of year	<u>48,586,183</u>	<u>57,397,091</u>	<u>105,983,274</u>	<u>32,876,445</u>	<u>138,859,719</u>	<u>48,539,276</u>	<u>52,673,025</u>	<u>101,212,301</u>	<u>13,047,756</u>	<u>114,260,057</u>
End of year	\$ <u>52,171,203</u>	\$ <u>52,169,794</u>	\$ <u>104,340,997</u>	\$ <u>36,617,402</u>	\$ <u>140,958,399</u>	\$ <u>48,586,183</u>	\$ <u>57,397,091</u>	\$ <u>105,983,274</u>	\$ <u>32,876,445</u>	\$ <u>138,859,719</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended August 31, 2025**

	Program Services	Supporting Services			Cost of Direct Benefits to Donors	Total Expenses
		Management and General	Fundraising	Total		
Salaries, payroll taxes and benefits	\$ 42,468,374	\$ 2,875,965	\$ 3,613,725	\$ 6,489,690	\$ -	\$ 48,958,064
Physical production	5,575,717	-	-	-	-	5,575,717
Travel, housing and space rentals	557,936	13,221	31,201	44,422	331,379	933,737
Press, publicity, and advertising	8,019,175	-	8,477	8,477	-	8,027,652
Royalties	637,710	-	-	-	-	637,710
Telephone, postage and supplies	379,608	64,274	157,978	222,252	-	601,860
Special series and events costs	267,774	100,203	385,393	485,596	1,042,165	1,795,535
Admissions and subscriptions credit card fees	338,509	-	-	-	-	338,509
Printing and publication	58,446	-	1,733	1,733	34,639	94,818
Outside services	1,384,910	678,087	188,614	866,701	-	2,251,611
Telefundraising	-	-	179,964	179,964	-	179,964
Insurance	795,560	382,151	66,184	448,335	-	1,243,895
Lease expense	3,686,831	380,051	81,737	461,788	-	4,148,619
Utilities and maintenance	2,526,640	124,057	26,681	150,738	-	2,677,378
Interest	-	185,091	-	185,091	-	185,091
Training and recruitment	119,325	16,868	23,898	40,766	-	160,091
Credit card fees and bank charges	-	5,746	57,191	62,937	-	62,937
Dues and memberships	47,657	20,565	8,996	29,561	-	77,218
Meetings and conferences	61,772	652	3,367	4,019	-	65,791
Bad debt expense	-	161,872	193,319	355,191	-	355,191
Other expenses	238,917	90,609	178,315	268,924	-	507,841
Depreciation and amortization	<u>4,201,856</u>	<u>389,790</u>	<u>83,831</u>	<u>473,621</u>	<u>-</u>	<u>4,675,477</u>
Total expenses	71,366,717	5,489,202	5,290,604	10,779,806	1,408,183	83,554,706
Less: Expenses included with revenues on the statements of activities						
Direct costs of fundraising events	-	-	-	-	(1,408,183)	(1,408,183)
Admissions and subscriptions credit card fees	<u>(338,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(338,509)</u>
	<u>\$ 71,028,208</u>	<u>\$ 5,489,202</u>	<u>\$ 5,290,604</u>	<u>\$ 10,779,806</u>	<u>\$ -</u>	<u>\$ 81,808,014</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended August 31, 2024**

	Program Services	Supporting Services			Cost of Direct Benefits to Donors	Total Expenses
		Management and General	Fundraising	Total		
Salaries, payroll taxes and benefits	\$ 31,426,247	\$ 2,724,982	\$ 3,066,530	\$ 5,791,512	\$ -	\$ 37,217,759
Physical production	3,138,103	-	-	-	-	3,138,103
Travel, housing and space rentals	445,453	12,086	23,768	35,854	328,239	809,546
Press, publicity, and advertising	7,395,496	-	6,868	6,868	-	7,402,364
Royalties	806,389	-	-	-	-	806,389
Telephone, postage and supplies	403,591	63,769	154,988	218,757	-	622,348
Special series and events costs	250,431	19,211	151,212	170,423	951,032	1,371,886
Admissions and subscriptions credit card fees	436,971	-	-	-	-	436,971
Printing and publication	135,158	-	6,309	6,309	25,786	167,253
Outside services	1,046,969	629,394	425,668	1,055,062	-	2,102,031
Telefundraising	-	-	216,295	216,295	-	216,295
Insurance	699,822	352,366	59,758	412,124	-	1,111,946
Lease expense	3,569,103	378,595	81,424	460,019	-	4,029,122
Utilities and maintenance	2,141,409	129,569	27,866	157,435	-	2,298,844
Interest	-	189,173	-	189,173	-	189,173
Training and recruitment	130,661	22,040	30,519	52,559	-	183,220
Credit card fees and bank charges	244	7,591	48,922	56,513	-	56,757
Dues and memberships	55,938	24,766	8,983	33,749	-	89,687
Meetings and conferences	59,845	2,593	5,480	8,073	-	67,918
Sponsorship expense	-	-	200,000	200,000	-	200,000
Other expenses	173,381	64,941	113,449	178,390	-	351,771
Depreciation and amortization	<u>4,184,182</u>	<u>358,866</u>	<u>77,181</u>	<u>436,047</u>	<u>-</u>	<u>4,620,229</u>
Total expenses	56,499,393	4,979,942	4,705,220	9,685,162	1,305,057	67,489,612
Less: Expenses included with revenues on the statements of activities						
Direct costs of fundraising events	-	-	-	-	(1,305,057)	(1,305,057)
Admissions and subscriptions credit card fees	<u>(436,971)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(436,971)</u>
	<u>\$ 56,062,422</u>	<u>\$ 4,979,942</u>	<u>\$ 4,705,220</u>	<u>\$ 9,685,162</u>	<u>\$ -</u>	<u>\$ 65,747,584</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Roundabout Theatre Company, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities		
Changes in net assets	\$ 2,098,680	\$ 24,599,662
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	4,675,477	4,620,229
Amortization of right-of-use asset - operating	2,312,247	2,759,320
Change in allowance for uncollectible promises to give and discount to present value	169,730	1,823,242
Proceeds from contributions restricted for long-term purposes	(6,000,000)	-
Realized gain on sale of investments	(4,321,781)	(1,878,406)
Unrealized loss (gain) on investments	150,232	(7,863,046)
Unrealized loss on interest rate swap	389,624	659,973
Bad debt expense	355,191	-
Changes in assets and liabilities:		
Accounts receivable	(28,648)	(345,645)
NYS tax credit receivable	(4,624,871)	-
Unconditional promises to give	1,833,996	(20,147,962)
Prepaid expenses	(32,967)	134,520
Prepaid production costs	1,111,719	(512,533)
Security deposits	(10,640)	15,950
Accounts payable and accrued expenses	2,235,650	1,721,362
Salaries and other payroll related payables	64,972	839,008
Advance renter ticket sales	(160,656)	(1,604,627)
Advance admissions and subscriptions	(1,520,160)	224,580
Lease liabilities - operating	<u>(2,364,946)</u>	<u>(2,791,825)</u>
Net cash (used in) provided by operating activities	<u>(3,667,151)</u>	<u>2,253,802</u>
Investing activities		
Purchases of property and equipment	(8,904,421)	(5,012,484)
Proceeds from sale of investments	20,614,821	14,935,436
Purchases of investments	<u>(9,600,449)</u>	<u>(14,838,903)</u>
Net cash provided by (used in) investing activities	<u>2,109,951</u>	<u>(4,915,951)</u>
Financing activities		
Draw down on loan payable	-	1,000,000
Payment toward loan payable	-	(1,000,000)
Proceeds from contributions restricted for long-term purposes	<u>6,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>6,000,000</u>	<u>-</u>
Net change in cash, cash equivalents and restricted cash	4,442,800	(2,662,149)
Cash, cash equivalents and restricted cash		
Beginning of year	<u>9,131,338</u>	<u>11,793,487</u>
End of year	<u>\$ 13,574,138</u>	<u>\$ 9,131,338</u>
Supplemental disclosure of cash flow information		
Cash paid for interest (loan)	<u>\$ 673,531</u>	<u>\$ 848,138</u>
Contributions of non-financial assets	<u>\$ 155,286</u>	<u>\$ 216,356</u>
Increase in accounts payable and accrued expenses for construction projects	<u>\$ 2,569,312</u>	<u>\$ 874,988</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Roundabout Theatre Company, Inc. and Subsidiary

Notes to Consolidated Financial Statements

August 31, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

a. Organization

Roundabout Theatre Company, Inc. (the “Company”) was formed on September 13, 1965 to foster and advance the development of, and to stimulate community interest in, the dramatic and theatrical arts. The Organization operates in New York City, presenting and curating both “Broadway” and “Off-Broadway” theatrical productions throughout the year. The Company’s support comes primarily from admission and subscription revenue, theatre rental income and contributions.

b. Principles of Consolidation

The accompanying consolidated financial statements include Roundabout Theatre Company, Inc. and its wholly owned subsidiary, Roundabout Theatre Company Productions, Inc. (the “Subsidiary”) (collectively, the “Organization”). The Subsidiary was formed on July 18, 2024 as a New York corporation for the purpose of providing production services to the Company. All intercompany transactions have been eliminated in consolidation.

c. Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The Organization’s resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions: Net assets that include expendable resources that are used to carry out the Organization’s operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with side parties. In addition, net assets without donor restrictions include board designated funds and property and equipment used in operations.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, wherein donors stipulate that the corpus of the gift to be held in perpetuity and that only the income may be made available for operations, subject to the Organization’s spending policy.

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. This measure of operations provides a presentation that depicts the manner in which the Organization manages its financial activities. Contributions of financial assets for capital campaign, contributions for other capital projects, investment return, net of amounts used for operations, changes in the value of the interest rate swap and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as nonoperating activities.

d. Cash Equivalents

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less.

e. Accounts Receivable and Allowance for Credit Losses

Accounts receivable are unsecured, non-interest bearing and due within normal payment terms. Amounts are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts receivable into risk pools based on their aging.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

In determining the amount of the allowance as of August 31, 2024, management developed a loss rate of each risk pool. This rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At August 31, 2024, management believes its historical loss rates for each aging category are reasonable and supportable forecasts for current and future economic and industry conditions and deemed that no allowance for credit loss was necessary and amounts are fully collectible.

In accordance with Accounting Standards Update ("ASU") 2025-05, the Organization elected the practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions under Topic 606. This expedient allows for the assumption that conditions at August 31, 2025 will remain consistent throughout the assets' lives.

The Organization also elected the accounting policy to consider cash collection activity after August 31, 2025 when estimating expected credit losses. Subsequent cash collections were evaluated through December 16, 2025, the date financial statements were available to be issued, resulting in no allowance for credit losses on the collected portion of receivables as of August 31, 2025. Remaining receivables were assessed using historical loss rates and known customer information noting no allowance for credit loss was necessary as of August 31, 2025.

f. Unconditional Promises to Give and NYS Tax Credit Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value. When estimating the value of unconditional promises to give, management considers the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporates the information into a value measurement computed using present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Unconditional promises to give to be received after one year are discounted at the risk-free rate. NYS tax credit receivables are measured at net realizable value based on 25% of qualified costs incurred on pre-qualified productions. An allowance is recorded on receivables for productions that meet the criteria but have not received the final tax credit certificate from Empire State Development. The NYS tax credit receivable expected to be collected in more than one year is discounted using present value techniques to reflect the time value of money.

g. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants).

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy and the Organization's related types are described below.

Level 1 - Quoted prices of identical instruments in active markets.

Level 2 - Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

Fixed income and domestic and international equities - Valued at quoted market prices for identical assets in active markets.

h. Derivative Instruments

The Organization accounts for derivative instruments at fair value. Changes in the fair value of derivative financial instruments are recognized in the consolidated statements of activities. The interest rate swap is valued at the swap exit prices established, based on the Federal Funds Rate in the United States (arithmetic averaging) and proprietary models.

i. Investments

Investments in marketable securities are reported at fair value in the accompanying consolidated statements of financial position. Unrealized gains and losses are included in changes in net assets in the accompanying consolidated statements of activities. Investments received by gift are initially recorded at fair value at the date of receipt. The fair values assigned to these assets do not necessarily represent amounts that might be realized upon their ultimate disposition. Gains and losses on sales of investments are determined using the average cost method. Investment return is shown net of direct external expenses.

As a practical expedient, investments without a readily determinable fair value, such as hedge funds, are reflected at net asset value as reported by the fund managers or general partners and may differ significantly from the values that would have been reported had a ready market for these investments existed.

j. Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense for the years ended August 31, 2025 and 2024 was \$8,027,652 and \$7,402,364, respectively.

k. Property and Equipment

Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$20,000 (per project). Lesser amounts are expensed. Property and equipment are being depreciated over the useful life of the related asset using the straight-line method. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

Depreciation with respect to property and equipment has been made by the Organization on the straight-line method based on the estimated useful lives of the underlying assets as follows:

	Estimated Life (Years)
Theatre acquisition and renovation - Studio 54	5-40
Leasehold improvements - The Todd Haimes Theatre	Life of lease
Leasehold improvements - Steinberg Center	Life of lease
Leasehold improvements - Stephen Sondheim Theatre	Life of lease
Leasehold improvements - 39th Street	Life of lease
Leasehold improvements - rehearsal studio and other	Life of lease
Equipment, furniture and other	5-20

I. Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the consolidated statements of financial position. The Organization had no finance leases during 2025 and 2024.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the risk-free rate. Right-of-use (“ROU”) assets are recognized based on the initial present value of the fixed lease payments plus any costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Certain lease contracts include obligations to pay for property taxes. For leases of property, the Organization accounts for these as a component of the lease.

m. Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these consolidated financial statements include depreciation and amortization, present value of unconditional promises to give and reserve for uncollectible promises to give, fair value of investments, valuation of NYS tax credit receivable, valuation of operating right-of-use assets and related lease liabilities, and functional allocation of expenses. Actual results could differ from those estimates.

n. Production Costs

Production costs are capitalized at cost and are amortized over the performances of the production. The Organization has established a policy that production costs are amortized over the run of the production. If the production runs less than two weeks within the current fiscal year, all the production costs are recognized in the next fiscal year in order to match the subscription season. The Organization did not have any productions that had performances cross over fiscal years.

The Organization maintains certain scenery and costume inventories of past productions in storage. The Organization is unable to determine future use of the scenery and costumes and, therefore, they are expensed over the run of the public performances of the original show.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

o. Tax Status and Uncertain Tax Positions

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Subsidiary is a New York State corporation and is obligated to pay federal, state and local income tax on the net income generated by the corporation, if any.

The Organization did not recognize any tax related interest and/or penalties in the accompanying consolidated financial statements but would record any such interest and/or penalties as a component of other expense.

p. Revenue and Support Recognition

Contributions and Promises to Give - Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

New York City Musical and Theatrical Production Tax Credit - During the year ended August 31, 2025, the Subsidiary filed for the New York City Musical and Theatrical Production Tax Credit, which is a refundable tax credit akin to a government grant for eligible entities. The refundable tax credit is recognized when the eligibility criteria and conditions are met. To qualify, the Production must be a live, scripted performance performed in a qualified New York City production facility and must incur eligible expenditures in accordance with the requirements of the program with certain limitations imposed by Empire State Development.

Revenue from Contracts with Customers - The Organization accounts for admissions and subscriptions income, enhancement income, ticket handling fee income, facility fee income, royalty income, education income, and concession and merchandise income as exchange transactions in the consolidated statements of activities. Revenue from contracts with customers is treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities and recorded as advance admissions and subscriptions in the consolidated statements of financial position.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization performs the following steps: (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

The following summarizes the Organization's performance obligations:

Admissions and Subscriptions Income

Admissions and subscriptions income represents the sums actually paid for individual tickets of admission to a production of the Organization. Tickets are non-refundable at the time of receipt unless a performance is cancelled. The Organization allows for exchanges under certain circumstances for tickets of equal or lesser value. The total yearly adjustment for exchanged tickets is immaterial to the Organization. Tickets purchased in advance are recorded as contract liabilities by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Admissions and subscription income is recognized at a specific point in time, which is when the performance related to the ticket is complete. Admissions and subscription income is recorded net of credit card fees.

Ticket Handling Fee and Facility Fee Income

Ticket handling fees and facility fees represent the income received as an additional charge at the time of sale when purchasing a ticket. These charges are used for facility upkeep, processing and/or printing the individual ticket of admission to a production of the Organization. Ticket handling fees are not refundable and are recognized at the time of purchase. Facility fees are refundable and are recognized when the performance is complete.

Enhancement Income

Enhancement income represents income received by the Organization to produce and present plays and musicals. The Organization receives income as reimbursement for production costs which is recognized at specific points in time based on the terms of the agreements.

Fundraising Events

Fundraising events revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as a conditional contribution when received and reported as a refundable advance on the consolidated statements of financial position and is recognized as revenue when the condition is met, which is when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the consolidated statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

Other Exchange Transactions

Education income and royalty income are recognized in the period the performance takes place or the period to which the fees relate. Concession and merchandise income is recognized at a point in time when the sale takes place.

Other revenues are obtained from investment and other income. These revenues are used to offset program, management and general, and fundraising expenses. Revenue from these sources is recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

The timing of revenue recognition, billings and cash collections results in contract liabilities. Contract liabilities as of August 31, 2025 and 2024 were \$2,609,172 and \$4,129,332, respectively, and are reflected as advance admissions and subscriptions on the consolidated statements of financial position. Accounts receivable as of August 31, 2025 and 2024 were \$2,831,881 and \$2,803,233, respectively. The opening balances at September 1, 2023 for accounts receivable and advance admissions and subscriptions were \$2,457,588 and \$3,904,752, respectively.

Rental Income

Rental income received for the use of the Organization's theatre. The Organization receives a fixed amount of income for the use of the theatre and, in some cases, percentage of weekly box office income along with reimbursable amounts for the payment of union workers at the theatre. Rental income is recognized when the performance at the rented theatre takes place.

The Organization receives advance ticket sales for the productions renting the Organization's theatres and the sales are payable to the renter and are reflected as advance renter ticket sales. Contract liabilities as of August 31, 2025 and 2024 are \$3,677,816 and \$3,838,472, respectively, and are reflected as advance renter ticket sales on the consolidated statements of financial position.

q. Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the consolidated statements of activities and detailed within the consolidated statements of functional expenses. Certain costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include lease expenses, utilities and maintenance, depreciation and amortization, salaries and wages, benefits, payroll taxes, telephone, postage and supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

r. Reclassification

Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year consolidated financial statements. These changes have had no effect on the net assets of the Organization.

s. Recently Issued Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Organization has early adopted ASU 2025-05 prospectively as of September 1, 2024.

2. Designations and Restrictions on Net Assets

Net Assets Without Donor Restrictions

Board Designated Fund

The Board Designated Fund was established by the Board of Trustees. Appropriations and transfers are made on a discretionary basis to support the Organization's operations, maintenance and capital projects for its facilities. The Board Designated Fund includes a fund to be used for artistic initiatives at the discretion of the Board. During the years ended August 31, 2025 and 2024, the Board approved transfers to operations of \$3,505,972 and \$4,774,105, respectively. During the years ended August 31, 2025 and 2024, the Board approved transfers of \$9,022,861 and \$4,320,000, respectively, for expenditures on capital projects.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes as of August 31, 2025 and 2024:

	2025	2024
Grants and contributions (future periods and programs)		
Next Stage campaign	\$ 30,894,341	\$ 27,000,000
Time restrictions	2,695,523	3,148,000
Future productions and programs	3,310,676	3,085,556
	36,900,540	33,233,556
Less: Allowance for uncollectible promises to give	(1,142,589)	(461,232)
Less: Discount to present value	(2,023,048)	(2,597,862)
	33,734,903	30,174,462
Accumulated endowment earnings	1,089,824	909,308
	34,824,727	31,083,770
Donor-designated endowments (to be held in perpetuity)		
Education Endowment Fund	1,150,000	1,150,000
General Endowment Fund	642,675	642,675
	1,792,675	1,792,675
Total net assets with donor restrictions	\$ 36,617,402	\$ 32,876,445

Next Stage Campaign - The Organization raised funds outside the operating budget to support the betterment of the Todd Haimes Theatre, the Board Designated Reserve Fund, the ongoing renovations of Studio 54, and the maintenance and expansion of vital programs.

Education Endowment Fund - This fund supports the Organization's important work with students and teachers representing the New York City public schools as well as its career development program.

General Endowment Fund - This fund supports the general operating expenses incurred by the Organization to stage its subscription season.

The Organization's endowment funds, composition by type of fund and net asset classification are summarized as follows:

	As of August 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	\$ 52,169,794	\$ -	\$ 52,169,794
Donor-designated endowments	-	2,882,499	2,882,499
	\$ 52,169,794	\$ 2,882,499	\$ 55,052,293

	As of August 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	\$ 57,397,091	\$ -	\$ 57,397,091
Donor-designated endowments	-	2,701,983	2,701,983
	\$ 57,397,091	\$ 2,701,983	\$ 60,099,074

Roundabout Theatre Company, Inc. and Subsidiary Notes to Consolidated Financial Statements August 31, 2025 and 2024

The Board of Trustees of the Organization has interpreted the New York Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”), a version of the Uniform Prudent Management of Institutional Funds Act, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. The purposes of the Organization and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effect of inflation and deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the Organization;
- g. The investment policy of the Organization; and
- h. Funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its 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 asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy

The percentage allowed to be utilized towards the Organization’s operations within the Organization’s endowment spending policy is up to an amount equal to 5% of the 3-year average asset value of each donor-designated endowment, as calculated on the last day of the preceding fiscal year. Any net excess in investment earnings over the spending policy on donor-designated endowments is reflected within net assets with donor restrictions to be utilized in future periods and/or programs, with any losses reducing net assets with donor restrictions. Net excess investment income from endowment funds is reflected within net assets with donor restrictions as of August 31, 2025 and 2024.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original dollar value of the endowment fund or the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. The Organization considers prudence in maintaining an endowment fund in perpetuity and while spending may occur from an endowment fund whose fair value is below its historic value, the Organization has determined that its policies will continue the perpetual nature of the endowment over time. There were no deficiencies as of August 31, 2025 and 2024.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

Changes in endowment assets are as follows for the year ended August 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2024	\$ 57,397,091	\$ 2,701,983	\$ 60,099,074
Contributions	588,555	-	588,555
Transfers in after release of time restriction	2,000,000	-	2,000,000
Investment return, net	5,747,715	304,516	6,052,231
Board designated/capital campaign expenses	(1,034,734)	-	(1,034,734)
Appropriation for capital improvements	(9,022,861)	-	(9,022,861)
Appropriation for operations	(3,505,972)	-	(3,505,972)
Appropriation for spending	-	(124,000)	(124,000)
Endowment net assets, August 31, 2025	\$ 52,169,794	\$ 2,882,499	\$ 55,052,293

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2023	\$ 52,673,025	\$ 2,404,121	\$ 55,077,146
Contributions	1,622,627	-	1,622,627
Transfers in after release of time restriction	2,075,000	-	2,075,000
Investment return, net	10,953,563	423,667	11,377,230
Board designated/capital campaign expenses	(833,019)	-	(833,019)
Appropriation for capital improvements	(4,320,000)	-	(4,320,000)
Appropriation for operations	(4,774,105)	-	(4,774,105)
Appropriation for spending	-	(125,805)	(125,805)
Endowment net assets, August 31, 2024	\$ 57,397,091	\$ 2,701,983	\$ 60,099,074

3. Financial Assets and Liquidity Resources

As of August 31, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 2,749,065	\$ 4,736,765
Accounts receivable	2,831,881	2,803,233
NYS tax credit receivable	2,451,884	-
Unconditional promises to give	1,871,388	1,413,585
Investments	15,180,164	15,207,814
Total financial assets and liquidity resources available within one year	\$ 25,084,382	\$ 24,161,397

The Organization has pledge campaigns to fund operations and other projects. The Organization's endowment funds consist of donor-restricted endowments. As described in Note 2, the Organization has a spending rate of 5%. Also, the Organization has approximately \$52,000,000 of board designated net assets that could be used for general operating expenses upon approval by the Board of Trustees. The Organization also has a credit facility due on demand with a maximum availability of \$25,000,000 which had \$13,564,756 outstanding as of August 31, 2025.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

4. Concentration of Credit Risk

The Organization has significant cash balances at various financial institutions during the year which regularly exceeded the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

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 these securities may occur and that such changes could materially affect the amounts reported on the consolidated statements of financial position.

5. Fair Value Measurements

The Organization has provided fair disclosure information for relevant assets measured on a recurring basis as of August 31, 2025 and 2024. There were no changes in investment leveling methodologies for the years ended August 31, 2025 and 2024. There were no transfers, purchases or issuances of level 3 investments during the years ended August 31, 2025 and 2024.

The following tables summarize assets which have been accounted for at fair value on a recurring basis as of August 31, along with the basis for the determination of fair value:

	Fair Value as of August 31, 2025			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 15,072,541	\$ -	\$ -	\$ 15,072,541
Domestic equities	37,044,262	-	-	37,044,262
International equities	13,715,663	-	-	13,715,663
	65,832,466	-	-	65,832,466
Investments measured at net asset value (a)	-	-	-	940,636
Total investments	\$ 65,832,466	\$ -	\$ -	\$ 66,773,102
Interest rate swap	\$ -	\$ 813,229	\$ -	\$ 813,229

	Fair Value as of August 31, 2024			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 17,328,385	\$ -	\$ -	\$ 17,328,385
Domestic equities	42,288,820	-	-	42,288,820
International equities	12,883,640	-	-	12,883,640
	72,500,845	-	-	72,500,845
Investments measured at net asset value (a)	-	-	-	1,115,080
Total investments	\$ 72,500,845	\$ -	\$ -	\$ 73,615,925
Interest rate swap	\$ -	\$ 1,202,853	\$ -	\$ 1,202,853

(a) In accordance with subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

The following table lists investments measured using the practical expedient by class and investment strategy as well as the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Strategies	# of Funds	2025		Unfunded	Redemption	Redemption
				2024	Frequency	Notice Period
Hedge funds (b)	2	\$ 940,636	\$ 1,115,080	-	Monthly - Quarterly	10 days- 90 days

(b) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including but not limited to multi-strategy, absolute return, long/short arbitrage, event-driven, distressed debt and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives and invest in the debt or equity of public and private companies in domestic and foreign markets.

Investment Return, Net

Investment return, net consists of the following for the years ended August 31:

	2025	2024
Realized gain on sale of investments	\$ 4,321,781	\$ 1,878,406
Interest and dividend income	2,203,559	1,982,823
Unrealized (loss) gain on investments	(150,232)	7,863,046
Investment fees	(179,055)	(177,194)
	<u>\$ 6,196,053</u>	<u>\$ 11,547,081</u>

6. Promises to Give

Unconditional Promises to Give

Unconditional promises to give consist of the following as of August 31:

	2025			
	Less Than One Year	One to Five Years	Thereafter	Total
Without donor restrictions	\$ 2,496,219	\$ -	\$ -	\$ 2,496,219
With donor restrictions	6,855,316	20,080,000	1,560,000	28,495,316
	<u>9,351,535</u>	<u>20,080,000</u>	<u>1,560,000</u>	<u>30,991,535</u>
Less: Allowance for uncollectible promises to give	(199,505)	(1,119,001)	(23,588)	(1,342,094)
Less: Discount for present value (from 1.77% to 4.23%)	-	(1,985,486)	(37,562)	(2,023,048)
	<u>\$ 9,152,030</u>	<u>\$ 16,975,513</u>	<u>\$ 1,498,850</u>	<u>\$ 27,626,393</u>

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

	2024			
	Less Than One Year	One to Five Years	Thereafter	Total
Without donor restrictions	\$ 2,145,722	\$ -	\$ -	\$ 2,145,722
With donor restrictions	5,335,000	23,100,000	2,600,000	31,035,000
	7,480,722	23,100,000	2,600,000	33,180,722
Less: Allowance for uncollectible promises to give	(136,318)	(418,518)	(42,714)	(597,550)
Less: Discount for present value (from 1.77% to 4.85%)	-	(2,535,155)	(62,707)	(2,597,862)
	\$ 7,344,404	\$ 20,146,327	\$ 2,494,579	\$ 29,985,310

Conditional Promises to Give

The Organization has been informed of various intentions and bequests which have not been reflected in the accompanying consolidated financial statements since they do not represent unconditional promises to give.

7. Property and Equipment

Property and equipment consist of the following at August 31:

	2025	2024
Theatre acquisition and renovation - Studio 54	\$ 41,946,922	\$ 41,946,922
Leasehold improvements - The Todd Haimes Theatre	35,684,052	35,584,509
Leasehold improvements - Steinberg Center	16,746,679	16,707,386
Leasehold improvements - Stephen Sondheim Theatre	9,271,317	9,271,317
Leasehold improvements - 39th Street	3,371,918	3,340,036
Leasehold improvements - rehearsal studio and other	1,014,194	1,014,194
Equipment, furniture and other	11,343,491	11,728,854
	119,378,573	119,593,218
Construction in progress	11,152,966	2,601,725
Less: Accumulated depreciation and amortization	(75,439,097)	(71,331,445)
	\$ 55,092,442	\$ 50,863,498

Depreciation and amortization expense for the years ended August 31, 2025 and 2024 was \$4,675,477 and \$4,620,229, respectively.

Construction in progress consists of costs incurred in relation to theatre renovations and various projects. Since the projects were not completed as of August 31, 2025 and 2024, the costs have not been depreciated.

Included in theatre and leasehold improvements are capital expenditures from the City of New York Department of Cultural Affairs (the "City"). The City has a security interest in all assets acquired by City funding. The City's investment of capital funds obligates the Organization to operate its facilities during the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City for cultural, educational or artistic uses and/or related purposes approved by the City.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

8. Letters of Credit

A financial institution has extended the Organization \$1,300,000 in letters of credit (\$959,885 issued as of August 31, 2025 and 2024). At August 31, 2025 and 2024, three letters of credit were issued against this availability, two in the amounts of \$600,000 and \$137,500 are in lieu of security deposits under a theatre lease agreement, and the other is a bond with Actors' Equity Association in the amount of \$222,385.

9. Consolidated Statements of Cash Flows

The following comprises the cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total reported in the consolidated statements of cash flows for the years ended August 31:

	2025	2024
Cash and cash equivalents	\$ 12,274,138	\$ 7,831,338
Restricted cash and cash equivalents	1,300,000	1,300,000
	<u>\$ 13,574,138</u>	<u>\$ 9,131,338</u>

10. Line of Credit and Swap Agreement

The Organization has a credit facility with a financial institution with a maximum availability of \$25,000,000 (of which \$13,564,756 was outstanding as of August 31, 2025 and 2024) and bears interest at Fed Funds Upper Target Range + 0.55%. The credit facility is due on demand and is collateralized by investments and cash and cash equivalents held by the financial fund up to approximately 200% of the outstanding amount of the loan balance at any point in time.

The Organization entered into a 7-year interest swap agreement to reduce the impact of changes in interest rates on the \$13,600,000 debt. The swap agreement currently expires on November 1, 2027. The contract entitles the Organization to receive the amount, if any, by which the U.S. Fed Funds Rate (arithmetic averaging) rate falls below the fixed rate of 0.59% or to pay the amount, if any. The notional amount of the contract was \$13,600,000. The swap agreement is secured by cash and cash equivalents held at the same financial institution. The mark-to-market valuation represents the bank's estimate of the net present value of the expected cash flows from each transaction between the Organization and the bank which is subject to the derivatives contract using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation. The fair value of the interest rate swap contract was \$813,229 and \$1,202,853 on August 31, 2025 and 2024, respectively, and is reflected in the consolidated statements of financial position as an asset. The change in the value of the interest rate swap contract was (\$389,624) and (\$659,973) for the years ended August 31, 2025 and 2024, respectively, and is reflected in the consolidated statements of activities.

Interest expense for the years ended August 31, 2025 and 2024 was \$185,091 and \$189,173, respectively.

11. Leases

The Organization has entered into several lease agreements for space:

- The Organization occupies administrative space on West 39th Street under an operating lease with a term that expires December 31, 2029. The lease requires payments subject to annual increases, as well as increases for subsequent increases in taxes. During the year ended August 31, 2021, the Organization and the lessor agreed to defer the lease payments in the amount of \$200,000 until the lease expiration date, December 31, 2029.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

- The Organization occupies The Todd Haimes Theatre under a thirty-year operating lease with The New 42nd Street, Inc. ("New 42") which expires June 30, 2030. The lease requires annual payments subject to increases by the greater of \$50,000 or the increase in the cost-of-living (NYC INDEX) every sixth year, with a cap on the cost-of-living of 20% of the prior base rent. The rent was reset to \$510,000 and \$560,000, respectively, at the third review date of August 1, 2015 and at the fourth review date of August 1, 2020. The rent was reset to \$649,157 on August 1, 2025. In addition, New 42 is entitled to 20% of any income derived from signage on the face of the building, and additional rent for certain commercial uses of the facility. The lease has eleven renewal options, each for a term of five years. Four of the renewal options (a total of 20 years) have been included in the calculation of the lease liability as it is reasonably certain that those renewals will be exercised.
- The Organization also occupies a theatre (Harold and Miriam Steinberg Center for Theatre) under an operating lease with a term that expires April 30, 2033. The lease provides for fixed annual rental payments of \$967,857 for the period from November 1, 2022 through October 31, 2027 and \$1,062,857 for the remainder of the lease.
- The Organization occupies the Henry Miller's Theatre under a twenty-year operating lease with the company of a Board member. The lease expires on June 14, 2029. This facility, located at One Bryant Park, was renamed as the Stephen Sondheim Theatre. Pursuant to the terms of the lease, the Organization made a payment of \$6 million toward the construction of the theatre. The lease requires annual payments for rent, initially \$250,000 per annum and increasing to \$332,750 over the term of the lease. Additional annual rent is required for real estate taxes, air conditioning and other building expenses, subject to annual increases. The lease includes certain restrictions as to the use of the theatre. The Organization may also be obligated to pay additional rent based on net rental income as defined in the lease and its subsequent amendments. The additional rent provision of the lease agreement was amended by the landlord during the year ended August 31, 2024, which resulted in the reversal of \$251,011 in additional rent recorded during the year ended August 31, 2023. The reversal is shown in non-operating activities in the accompanying consolidated statements of activities during the year ended August 31, 2024.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of August 31, 2025:

For the year ending August 31, 2026	\$ 3,317,092
" " " " " August 31, 2027	3,286,190
" " " " " August 31, 2028	3,402,673
" " " " " August 31, 2029	3,453,077
" " " " " August 31, 2030	2,093,923
For the fourteen years ending August 31, 2050	18,188,398
Total lease payments	<u>33,741,353</u>
Less: Imputed interest	(7,654,469)
Net principal due as of August 31, 2025	<u><u>\$ 26,086,884</u></u>

Because the rate implicit in the leases is generally not available, the Organization utilizes the risk-free rate as the discount rate. The weighted average discount rates associated with operating leases as of August 31, 2025 and 2024 were 3.34%. The weighted average remaining lease terms associated with operating leases as of August 31, 2025 and 2024 were 14.9 years and 14.6 years, respectively.

Lease expense, including real estate taxes, under the leases for the years ended August 31, 2025 and 2024 was \$4,148,619 and \$4,029,122, respectively.

Cash paid for operating leases for the years ended August 31, 2025 and 2024 was \$3,906,838 and \$3,783,727, respectively.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

12. Commitments and Contingencies

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization has two employment agreements which extend through June 30, 2031. The aggregated commitment under these agreements is approximately \$6.8 million at August 31, 2025.
- c) The Organization has entered into various contracts with playwrights in order to develop, produce, promote, and present plays on the stage in the presence of an audience. The Organization is obligated to pay royalties to authors and/or composers for productions that they have produced. In some cases, when a play produced by the Organization generates royalties to the author or composer, then the Organization will generally be entitled to a certain percentage of the net proceeds received by the author and/or composer.
- d) The Organization has been named in three pending litigation matters. Management believes that its insurance coverage will be sufficient to cover any loss if incurred.

The Organization has been named in several open claims for personal injuries sustained at premises leased or owned by the Organization. Management believes that its insurance coverage will be sufficient to cover any claim which may be realized.

e) The Organization was previously awarded funds from the Department of Cultural Affairs (“DCLA”) for American Airlines (renamed to The Todd Haimes Theatre) HVAC replacements, American Airlines (renamed to The Todd Haimes Theatre) betterment and Studio 54 fire and life safety system of approximately \$14,300,000 through reimbursement grants. The total budget for these projects is estimated to be \$28,000,000. Studio 54 fire and life safety system project was completed in fiscal year 2021. Phase 1 of American Airlines (renamed to The Todd Haimes Theatre) HVAC replacements and Phase 1 of American Airlines (renamed to The Todd Haimes Theatre) betterment were completed in the fiscal year 2021 with Phase 2 of both projects beginning in the fiscal year 2023 and currently planned to continue through the fiscal year 2027. The Organization received approximately \$3.3M from DCLA towards these projects as of August 31, 2025. The balance of the reimbursement grants is expected to be received in the future once all contracts are registered and eligible expenses are approved by DCLA. Reimbursements are reflected once received.

f) The Organization has entered into an agreement with a concessionaire for the right to occupy the Organization’s concession area in order to provide and sell food and refreshment services at all theatres. The agreement expires on August 31, 2029. The Organization is entitled to a percentage of concession receipts for all sales. In addition to retaining a percentage of the sales, the concessionaire is entitled to a weekly management fee.

13. Pension Plans, Deferred Compensation Plans and Other Employee Benefits

a) The Organization has a 401(k) salary deferral plan covering substantially all its non-union employees who meet the eligibility requirements. Under the plan, employees may make voluntary contributions and the Organization may make a contribution to the plan on a discretionary basis, generally 5% of an employee’s compensation (with certain increases depending on staff position). During the years ended August 31, 2025 and 2024, the Organization contributed a total of \$538,185 and \$538,872, respectively.

The Organization has a 403(b) salary deferral plan. The plan is employee-contributory only.

b) The Organization contributes to eight multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Roundabout Theatre Company, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2025 and 2024

Based on information available to the Organization, the vast majority of the multiemployer plans to which it contributes are adequately funded under the applicable provisions of the Pension Protection Act (“PPA”) enacted in 2006. Three funds are in either “critical” or “endangered” status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, we are unable to determine the amount of assessments the Organization may be subject to, if any. Under applicable law, upon its ceasing to make contributions to, or other “withdrawal” from, an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization’s proportionate share of the plan’s unfunded vested liabilities. The Organization believes that under such circumstances, if a fund were to seek to assess such contribution obligation upon the Organization’s alleged “withdrawal,” the Organization would have significant defenses against such assessment under applicable law. The Organization cannot determine at this time the impact that any alleged withdrawal from the affected plans may have on its financial position, results of operations or cash flows.

Approximately 68% and 60% of the Organization’s employees and contractors are participants in multiemployer plans for the years ended August 31, 2025 and 2024, respectively. Pension and welfare contributions for multiemployer plans were \$4,757,985 and \$3,080,225 for the years ended August 31, 2025 and 2024, respectively.

14. Contributions of Non-Financial Assets

Contributed non-financial assets are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributed non-financial assets do not have donor-imposed restrictions, are not sold and goods are only distributed for program use. The Organization received contributed non-financial assets comprised of services and materials during the years ended August 31, 2025 and 2024 in support of its programs and operations, which are recognized in the consolidated statements of activities and included:

Non-Financial					
Contributions Category	Type of Contributions	Valuation		2025	2024
Fundraising benefits	Various production materials and space rental	U.S. wholesale prices of identical or similar products	\$	93,578	\$ 32,278
Travel	Airfare	U.S. wholesale prices of identical or similar products		46,955	46,357
Professional services	Legal, consulting and other professional services	Standard industry pricing for similar services		14,753	137,721
			\$	155,286	\$ 216,356

15. Subsequent Events

The Organization has evaluated subsequent events through December 16, 2025, the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred that require adjustment to or disclosure in the consolidated financial statements.