

Ford's Theatre Society

Financial Report
August 31, 2025

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Independent Auditor's Report

Board of Trustees
Ford's Theatre Society

Opinion

We have audited the financial statements of Ford's Theatre Society (the Society), which comprise the statements of financial position as of August 31, 2025 and 2024, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society 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 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 the Society's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 the Society'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 the Society'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.

RSM US LLP

Washington, D.C.
December 9, 2025

Ford's Theatre Society

**Statements of Financial Position
August 31, 2025 and 2024**

	2025	2024
Assets		
Cash and cash equivalents	\$ 3,512,875	\$ 3,709,194
Investments	6,070,823	6,235,192
Accounts receivable	72,672	24,717
Promises to give, net:		
Capital campaign	7,835,959	9,641,890
Other promises to give	298,713	208,863
Direct pre-production expenses	316,144	192,888
Prepaid expenses and other assets	212,717	321,441
Operating lease right-of-use asset	497,084	855,178
Property and equipment, net	63,121,661	57,014,480
Investments held for endowment	13,987,918	13,271,134
	<u>13,987,918</u>	<u>13,271,134</u>
Total assets	\$ 95,926,566	\$ 91,474,977
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 1,634,048	\$ 5,048,254
Advance ticket sales	631,097	428,148
Operating lease liability	511,702	872,417
Notes payable	15,000,000	7,739,441
Total liabilities	17,776,847	14,088,260
Commitments and contingencies (Note 14)		
Net assets:		
Without donor restrictions:		
Operational use	53,136,994	28,227,502
Board-designated	9,278,958	1,750,000
Total net assets without donor restrictions	62,415,952	29,977,502
With donor restrictions	15,733,767	47,409,215
Total net assets	78,149,719	77,386,717
Total liabilities and net assets	\$ 95,926,566	\$ 91,474,977

See notes to financial statements.

Ford's Theatre Society

Statement of Activities Year Ended August 31, 2025

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board-Designated	Total		
Revenue:					
Production	\$ 4,751,744	\$ -	\$ 4,751,744	\$ -	\$ 4,751,744
Other income	611,705	-	611,705	-	611,705
Day visits and audio tours	1,120,014	-	1,120,014	-	1,120,014
Total revenue	6,483,463	-	6,483,463	-	6,483,463
Support:					
Public support contributions	3,969,142	-	3,969,142	3,447,362	7,416,504
Government grants	886,726	-	886,726	-	886,726
Gala contributions	992,956	-	992,956	-	992,956
Contributed non-financial assets and services	508,578	-	508,578	-	508,578
Board designated transfer for operations	250,000	(250,000)	-	-	-
Endowment return appropriated for expenditures	879,350	-	879,350	(879,350)	-
Net assets released from restrictions	698,646	-	698,646	(698,646)	-
Total support	8,185,398	(250,000)	7,935,398	1,869,366	9,804,764
Total revenue and support	14,668,861	(250,000)	14,418,861	1,869,366	16,288,227
Expenses:					
Program services:					
Artistic, production and technical	8,306,748	-	8,306,748	-	8,306,748
Outreach and education	1,144,072	-	1,144,072	-	1,144,072
Total program services	9,450,820	-	9,450,820	-	9,450,820
Supporting services:					
General and administrative	3,503,556	-	3,503,556	-	3,503,556
Fundraising	1,255,957	-	1,255,957	-	1,255,957
Marketing and public relations	1,111,119	-	1,111,119	-	1,111,119
Total supporting services	5,870,632	-	5,870,632	-	5,870,632
Total expenses before other activities	15,321,452	-	15,321,452	-	15,321,452
Changes in net assets before other activities	(652,591)	(250,000)	(902,591)	1,869,366	966,775
Other activities:					
Net investment return	427,506	-	427,506	1,596,134	2,023,640
Depreciation and amortization	(1,743,453)	-	(1,743,453)	-	(1,743,453)
Capital campaign expense	(483,960)	-	(483,960)	-	(483,960)
Net assets released from restrictions:					
Capital campaign	27,361,990	7,778,958	35,140,948	(35,140,948)	-
Changes in net assets	24,909,492	7,528,958	32,438,450	(31,675,448)	763,002
Net assets:					
Beginning	28,227,502	1,750,000	29,977,502	47,409,215	77,386,717
Ending	\$ 53,136,994	\$ 9,278,958	\$ 62,415,952	\$ 15,733,767	\$ 78,149,719

See notes to financial statements.

Ford's Theatre Society

Statement of Activities Year Ended August 31, 2024

	Without Donor Restrictions			With Donor	
	Undesignated	Board-Designated	Total	Restrictions	Total
Revenue:					
Production	\$ 4,714,432	\$ -	\$ 4,714,432	\$ -	\$ 4,714,432
Other income	484,370	-	484,370	-	484,370
Day visits and audio tours	1,105,460	-	1,105,460	-	1,105,460
Total revenue	6,304,262	-	6,304,262	-	6,304,262
Support:					
Public support contributions	4,246,979	-	4,246,979	13,310,951	17,557,930
Government grants	1,007,887	-	1,007,887	-	1,007,887
Gala contributions	1,703,750	-	1,703,750	-	1,703,750
Contributed non-financial assets and services	472,545	-	472,545	-	472,545
Board designated transfer for operations	535,000	(535,000)	-	-	-
Endowment return appropriated for expenditures	854,570	-	854,570	(854,570)	-
Net assets released from restrictions	449,608	-	449,608	(449,608)	-
Total support	9,270,339	(535,000)	8,735,339	12,006,773	20,742,112
Total revenue and support	15,574,601	(535,000)	15,039,601	12,006,773	27,046,374
Expenses:					
Program services:					
Artistic, production and technical	7,801,575	-	7,801,575	-	7,801,575
Outreach and education	1,055,940	-	1,055,940	-	1,055,940
Total program services	8,857,515	-	8,857,515	-	8,857,515
Supporting services:					
General and administrative	3,535,079	-	3,535,079	-	3,535,079
Fundraising	1,512,049	-	1,512,049	-	1,512,049
Marketing and public relations	1,208,230	-	1,208,230	-	1,208,230
Gala production	457,827	-	457,827	-	457,827
Total supporting services	6,713,185	-	6,713,185	-	6,713,185
Total expenses before other activities	15,570,700	-	15,570,700	-	15,570,700
Changes in net assets before other activities	3,901	(535,000)	(531,099)	12,006,773	11,475,674
Other activities:					
Net investment return	650,853	-	650,853	2,187,920	2,838,773
Depreciation and amortization	(1,440,589)	-	(1,440,589)	-	(1,440,589)
Capital campaign expense	(371,741)	-	(371,741)	-	(371,741)
Changes in net assets	(1,157,576)	(535,000)	(1,692,576)	14,194,693	12,502,117
Net assets:					
Beginning	29,385,078	2,285,000	31,670,078	33,214,522	64,884,600
Ending	\$ 28,227,502	\$ 1,750,000	\$ 29,977,502	\$ 47,409,215	\$ 77,386,717

See notes to financial statements.

Ford's Theatre Society

Statement of Functional Expenses
Year Ended August 31, 2025

	Program Services			Supporting Services						Total Expenses
	Artistic, Production and Technical	Outreach and Education	Total Program Services	General and Administrative	Fundraising	Marketing and Public Relations	Gala Production	Total Supporting Services		
Salaries and benefits	\$ 5,226,208	\$ 614,475	\$ 5,840,683	\$ 1,912,015	\$ 679,601	\$ 543,221	\$ -	\$ 3,134,837	\$ 8,975,520	
Production	1,220,853	115,752	1,336,605	-	12,920	-	-	12,920	1,349,525	
Occupancy	746,829	87,809	834,638	273,228	97,115	77,627	-	447,970	1,282,608	
Professional fees	23,166	-	23,166	629,472	6,950	77,567	-	713,989	737,155	
Payroll taxes	357,818	35,429	393,247	131,824	57,198	39,604	-	228,626	621,873	
Office expenses	153,998	29,290	183,288	144,830	5,816	6,003	-	156,649	339,937	
Advertising and promotion	-	39,346	39,346	-	-	287,206	-	287,206	326,552	
Catering	-	12,965	12,965	-	308,441	3,505	-	311,946	324,911	
Royalties	330,163	-	330,163	-	-	-	-	-	330,163	
Travel and housing	90,193	174,453	264,646	1,339	1,385	3,384	-	6,108	270,754	
Bank and credit card fees	-	-	-	180,616	-	-	-	180,616	180,616	
Insurance	98,457	11,576	110,033	36,021	12,803	10,234	-	59,058	169,091	
Information technology	-	3,948	3,948	160,522	-	-	-	160,522	164,470	
Miscellaneous	44,104	2,582	46,686	14,451	16,403	1,078	-	31,932	78,618	
Printing and reproduction	2,640	4,523	7,163	877	27,344	38,579	-	66,800	73,963	
Subscriptions and dues	2,159	5,747	7,906	8,719	19,415	14,793	-	42,927	50,833	
Postage	1,949	130	2,079	6,740	8,784	4,556	-	20,080	22,159	
Staff training	130	6,047	6,177	2,902	1,782	3,762	-	8,446	14,623	
Safety	8,081	-	8,081	-	-	-	-	-	8,081	
Total expenses before other activities	8,306,748	1,144,072	9,450,820	3,503,556	1,255,957	1,111,119	-	5,870,632	15,321,452	
Depreciation and amortization	1,015,167	119,359	1,134,526	371,400	132,009	105,518	-	608,927	1,743,453	
Capital campaign	-	-	-	-	483,960	-	-	483,960	483,960	
Total expenses	\$ 9,321,915	\$ 1,263,431	\$ 10,585,346	\$ 3,874,956	\$ 1,871,926	\$ 1,216,637	\$ -	\$ 6,963,519	\$ 17,548,865	

See notes to financial statements.

Ford's Theatre Society

Statement of Functional Expenses Year Ended August 31, 2024

	Program Services			Supporting Services					
	Artistic, Production and Technical	Outreach and Education	Total Program Services	General and Administrative	Fundraising	Marketing and Public Relations	Gala Production	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 4,956,488	\$ 569,111	\$ 5,525,599	\$ 1,870,043	\$ 675,057	\$ 586,651	\$ 165,599	\$ 3,297,350	\$ 8,822,949
Production	1,148,323	100,435	1,248,758	-	63,700	-	84,997	148,697	1,397,455
Occupancy	616,483	70,785	687,268	232,594	83,963	72,967	20,597	410,121	1,097,389
Professional fees	82,305	-	82,305	546,906	29,607	75,007	-	651,520	733,825
Payroll taxes	320,218	31,084	351,302	118,808	56,417	41,963	2,913	220,101	571,403
Catering	-	14,468	14,468	-	443,021	1,196	-	444,217	458,685
Travel and housing	99,224	213,532	312,756	2,088	3,951	768	106,917	113,724	426,480
Advertising and promotion	-	12,251	12,251	-	-	348,751	-	348,751	361,002
Office expenses	153,660	9,774	163,434	161,762	7,206	3,310	3,851	176,129	339,563
Bank and credit card fees	-	-	-	337,444	-	-	-	337,444	337,444
Royalties	309,118	-	309,118	-	-	-	-	-	309,118
Miscellaneous	25,965	5,418	31,383	37,278	67,399	11,471	66,482	182,630	214,013
Information technology	-	3,481	3,481	153,982	-	-	-	153,982	157,463
Insurance	72,790	8,358	81,148	27,463	9,914	8,615	2,432	48,424	129,572
Printing and reproduction	327	5,568	5,895	-	35,718	29,127	4,039	68,884	74,779
Subscriptions and dues	450	5,243	5,693	18,910	20,769	13,160	-	52,839	58,532
Staff training	1,558	6,123	7,681	17,036	5,156	7,902	-	30,094	37,775
Postage	366	309	675	10,765	10,171	7,342	-	28,278	28,953
Safety	14,300	-	14,300	-	-	-	-	-	14,300
Total expenses before other activities	7,801,575	1,055,940	8,857,515	3,535,079	1,512,049	1,208,230	457,827	6,713,185	15,570,700
Depreciation and amortization	809,282	92,923	902,205	305,336	110,222	95,787	27,039	538,384	1,440,589
Capital campaign	-	-	-	-	371,741	-	-	371,741	371,741
Total expenses	\$ 8,610,857	\$ 1,148,863	\$ 9,759,720	\$ 3,840,415	\$ 1,994,012	\$ 1,304,017	\$ 484,866	\$ 7,623,310	\$ 17,383,030

See notes to financial statements.

Ford's Theatre Society

Statements of Cash Flows Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 763,002	\$ 12,502,117
Adjustments to reconcile change in net assets to net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(1,502,369)	(2,306,260)
Change in discount on promises to give	(501,239)	1,271,555
Amortization of right-of-use asset	358,094	346,224
Depreciation and amortization	1,743,453	1,440,589
Contributions restricted for endowment and capital projects	(3,447,362)	(13,310,951)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(47,955)	45,791
Other promises to give	(89,850)	509,294
Direct pre-production expenses	(123,256)	216,709
Prepaid expenses and other assets	108,724	22,367
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,665,182)	(2,127,523)
Advance ticket sales	202,949	(107,789)
Lease liability	(360,715)	(341,303)
Net cash used in operating activities	(5,561,706)	(1,839,180)
Cash flows from investing activities:		
Proceeds from sales of investments	2,182,973	1,596,632
Purchases of investments	(1,233,019)	(289,816)
Purchases of property and equipment	(8,599,658)	(10,846,438)
Net cash used in investing activities	(7,649,704)	(9,539,622)
Cash flows from financing activities:		
Proceeds from note payable	7,260,559	5,321,014
Proceeds from contributions restricted for endowment and capital projects	5,754,532	7,267,381
Net cash provided by financing activities	13,015,091	12,588,395
Net (decrease) increase in cash and cash equivalents	(196,319)	1,209,593
Cash and cash equivalents:		
Beginning	3,709,194	2,499,601
Ending	\$ 3,512,875	\$ 3,709,194
Supplemental disclosures of cash flow information:		
Cash paid for interest, including capitalized interest	\$ 479,030	\$ 242,492
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases, net	\$ 384,749	\$ 377,205
Purchases of property and equipment in accrued expenses	\$ 749,024	\$ 3,954,624

See notes to financial statements.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Ford's Theatre Society (the Society) was incorporated in 1967 as a nonprofit corporation in the District of Columbia. The Society explores the legacy of President Abraham Lincoln and celebrates the American experience through theatre and education.

Ford's Theatre officially reopened in 1968, more than 100 years after the assassination of President Abraham Lincoln, as a national historic site and a theatre producing live performances. Ford's Theatre is operated through a public-private partnership with the National Park Service. Ford's Theatre offers inspiring theatrical productions, interactive museum exhibits and engaging education programs where visitors can immerse themselves in America's past while finding meaningful connections to the world today. As a working theatre, the Society produces renowned plays, vibrant musicals and newly commissioned works that captivate and entertain while examining political and social issues related to Lincoln's legacy.

Program services include the following activities:

Artistic, production and technical: The activities of this program service include expenses related to production of all mainstage theatrical productions, along with the seasonal runs of One Destiny and the Investigation, Detective McDevitt walking tour. Other programming includes virtual and in-person author talks, play readings and panel discussions on current events through a historical lens.

Outreach and education: The activities of this program service include virtual and in-person, local and national programs for students, teachers and other learners, often related to oratory skills, civil war history and Lincoln's legacy. In addition, all museum and exhibit related expenses are included.

Supporting services include the following activities:

General and administrative: The activities of this supporting service include the administrative processes of the Society, such as managing operations and financial responsibilities.

Fundraising: The activities of this supporting service include new donor acquisition, major donor cultivation and other activities that encourage and secure financial support for the Society.

Marketing and public relations: The activities of this supporting service include the promotion and advertising of all theatrical, education and museum related programming of the Society, as well as general community and press relations.

Gala production: Gala production expenses include the costs of producing the Society's annual fundraising event. No gala production was held during 2025 fiscal year; therefore no related expenses were incurred.

A summary of the Society's significant accounting policies follows:

Basis of presentation: The Society follows the accounting requirements of the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Society is required to report information regarding its net assets and its activities according to two categories: (1) net assets without donor restrictions and (2) net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation. The Society's net assets without donor restrictions are summarized in Note 7.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. In particular, in relation to the Society's capital campaign, which consists of contributions of cash or other assets that were primarily restricted for the purchase of long-lived assets, the contributions were reported initially as an increase in net assets with donor restrictions and that portion restricted for long-lived assets was reclassified to net assets without donor restrictions when the restriction was released which occurred when the long-lived assets were placed in service in June 2025. The Society's net assets with donor restrictions are summarized in Note 8.

Use of estimates: The preparation of the financial statements in conformity with generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: The Society is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3) and, therefore, qualifies for the charitable contribution deduction. The Society has been determined not to be a private foundation under IRC Section 509(a)(2). The Society is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the Society is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. However, management has determined that the Society is not subject to unrelated business income tax. Therefore, the Society has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Management has concluded that the Society has no uncertain tax positions.

Cash and cash equivalents: For financial statement purposes, the Society considers demand deposits and money market funds not held in the investment portfolio to be cash and cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is recorded in net investment return.

Financial risk: The Society maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Society. The Society has not experienced any losses on cash accounts, and management believes it is not exposed to significant credit risk on cash.

The Society invests in funds in a professionally managed portfolio of mutual funds. Such investments are exposed to market and credit risks, and may be subject to fluctuations in fair value. As a result, the investment balances reported in the accompanying statements may not be reflective of the portfolio's value during subsequent periods.

Accounts receivable: Accounts receivable are presented at the gross or face amount due to the Society, and includes exchange transaction revenues. The Society's exchange transaction revenue is derived from contracts with customers that have initial terms of one year or less. Accounts receivable totaled \$70,508 at September 1, 2023. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the customer, and the age of the receivable balance.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Society adopted ASC 326, Financial Instruments—Credit Losses, as of September 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables, as well as contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Management believes that an allowance for credit loss was not necessary at August 31, 2025 and 2024.

Promises to give: Promises to give include unconditional promises to give from donors for: (1) the Society's capital campaign and (2) for other contributions from donors. Promises to give related to the capital campaign are expected to be collected within one to five years, and have been recorded at net present value using discount rates of 7.25% and 8.00% at August 31, 2025 and 2024, respectively. Promises to give related to other contributions from donors are expected to be collected within one year and have been recorded at net realizable value.

Management periodically reviews the status of all promises to give for collectability. Each promise to give is assessed based on management's knowledge of and relationship with the donor, and the payment history of each donor. Management believes that an allowance for doubtful promises to give was not necessary as of August 31, 2025 and 2024.

Direct pre-production expenses: Direct pre-production expenses include deferred costs related to specific seasons or productions. Deferred costs are capitalized and expensed during the related season or during the period in which a specific production is performed.

Property and equipment: Acquisitions of property and equipment greater than \$1,000 with a useful life of more than three years are recorded at cost and depreciated or amortized using the straight-line method over the estimated useful lives. Building, building improvements and leasehold improvements are depreciated or amortized using the straight-line method over 10 to 30 years. Production and audio equipment is depreciated using the straight-line method over three to 20 years. Computer equipment and website and furniture and office equipment are depreciated using the straight-line method over three to five years. Vehicles are depreciated using the straight-line method over five years. Capital projects in process and art are not depreciated.

Leasehold improvements include the Society's renovations of the theatre and museum located within the building owned by the U.S. Department of the Interior, National Park Service (NPS). Leasehold improvements also include the Atlantic Lobby, which allows access, including handicap access, to the theatre. Leasehold improvements are amortized over the estimated useful lives of the assets.

Valuation of long-lived assets: Long-lived property, such as real estate, that suffers a permanent impairment, will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets from operations. There were no assets that have suffered permanent impairment for the years ended August 31, 2025 and 2024.

Revenue: Revenue includes the line items that have performance obligations, such as production, other income and day visits and audio tours. These revenue line items are considered contracts with customers. For contracts with customers that have similar terms, the Society uses the practical expedient under U.S. GAAP to analyze the entire revenue stream rather than analyzing each separate customer contract.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time, and most contracts have initial terms of one year or less. The Society performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Society is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the certain criteria are met, revenue is recognized at a point in time.

The majority of the Society's revenue under contracts with customers is earned in the United States of America. The Society's contracts with customers do not include significant financing components or variable considerations.

Prices are specific to a distinct performance obligation and contracts with customers do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue, or they can have a positive impact on cash flows in favorable economic conditions.

Production: Production revenue includes box office ticket sales for shows, which are recognized as revenue at the point in time when the related performances occur. Most of the Society's ticket sales are for productions that will be held within one year or less. Tickets sold in advance of a performance are recorded in the liability for advance ticket sales. Related to the year ended August 31, 2024, the beginning balance of the liability for advance ticket sales totaled \$535,937 at September 1, 2023.

Other income: Other income includes production participation, concessions and other income, insurance rebates, royalty income and restoration fees. Other income is recognized when the related performance obligations have been met (see Note 10).

Day visits and audio tours: Day visits and audio tours revenue includes ticket sales related to museum visits and audio tours. Revenue is recognized at the point in time when the day visit or audio tour occurs. Tickets sold in advance of a day visit or audio tour are recorded in the liability for advance ticket sales.

Support: Support includes contributions from donors, such as government grants, public support contributions, gala contributions and contributions of non-financial assets and services. Unconditional contributions are recognized when received. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are substantially met and then follow the above policies for unconditional contributions. Contributions are classified within activities without donor restrictions or within activities with donor restrictions, depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires. Unconditional contributions with donor restrictions that are both received and released in the same period are classified as without donor restrictions in the statements of activities.

Public support contributions: Public support contributions include gifts of support from individuals, private foundations and corporations.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Government grants: Government grants include various funding agreements from the federal government and the District of Columbia (D.C.) government. Government grants are considered to be conditional contributions. Therefore, the recognition of government grant revenue occurs when barriers imposed under the various grant agreements have been met.

Gala contributions: Gala contributions relate to the Society's annual fundraising event, and it is disclosed to donors that benefits, including annual gala tickets, are non-transferrable to future years. Therefore, the Society treats gala contributions as unconditional contributions unless special arrangements are made with donors to use contributions for future events.

Contributed non-financial assets and services: The Society recognized contributed nonfinancial assets and services within contributed nonfinancial assets and services on the statements of activities (see Note 11). In-kind contributions are recorded at their estimated fair value on the date the assets were received (or promised). The contributed nonfinancial assets and services did not have donor-imposed restrictions.

Related-party transactions: Members of the Society's Board of Trustees provided contributions to the Society of approximately \$570,000 and \$620,000 during the years ended August 31, 2025 and 2024, respectively.

Advertising costs: Advertising costs are expensed when incurred, except the costs of advertising for future productions. Advertising costs for future productions are recorded as prepaid expenses and expensed over the period of the production to which the advertising costs relate. Advertising expense totaled \$326,552 and \$361,002 during the years ended August 31, 2025 and 2024, respectively.

Allocation of expenses: The costs of providing the various program and supporting activities of the Society have been summarized on a functional basis in the accompanying statements of functional expenses. Costs related to a specific functional activity are charged directly to that activity. However, other indirect costs are allocated among the program and supporting services benefited based on management's best estimates. In particular, salaries and benefits along with other shared costs, such as occupancy, insurance and depreciation and amortization are allocated based on estimated employee effort.

Leases: The Society determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset, and directs how and for what purpose the asset is used during the term of the contract. The Society also considers whether its service arrangements include the right to control the use of an asset.

The Society recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

Ford's Theatre Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Society made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives received. To determine the present value of lease payments, the Society made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Society has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Society, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Recently issue accounting pronouncements: In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient and, for entities other than public business entities, an accounting policy election to simplify the application of Topic 326, *Financial Instruments—Credit Losses*, to current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606, *Revenue from Contracts with Customers*.

ASU 2025-05 is effective prospectively. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The adoption of ASU 2025-05 is not expected to have a significant impact on the Society's financial statements. The Society is currently evaluating the impact of this new guidance on its financial statements.

Subsequent events: The Society has evaluated subsequent events through December 9, 2025, the date by which the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

Investments at August 31, 2025 and 2024, are classified on the statements of financial position as follows:

	2025	2024
Investments	\$ 6,070,823	\$ 6,235,192
Investments held for endowment	13,987,918	13,271,134
Total investments	<u>\$ 20,058,741</u>	<u>\$ 19,506,326</u>

Ford's Theatre Society

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

The Society follows the accounting standards topic regarding fair value measurements, which establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments presented at fair value using Level 1 inputs include various types of mutual funds, which were valued based on quoted prices for identical assets in active markets. Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

The Society's investments did not include any holdings that were valued using Level 2 or Level 3 inputs.

Investments consisted of the following :

	2025	2024
Investments at fair value (Level 1):		
Mutual funds—fixed income:		
Intermediate term bond	\$ 6,712,241	\$ 5,882,528
Ultra short-term bond	988,061	1,129,762
Mutual funds—equities:		
U.S. large cap	6,607,705	7,073,319
U.S. small and mid cap	2,241,379	2,195,663
International large cap	3,149,929	2,966,319
Blended	-	243,143
Subtotal investments at fair value	19,699,315	19,490,734
Investments at cost:		
Cash and cash equivalents	359,426	15,592
	<u>\$ 20,058,741</u>	<u>\$ 19,506,326</u>

Investments held to fund the deferred compensation plan described in Note 12 are included in investments and consisted entirely of the blended mutual fund and cash. Investments held to fund deferred compensation totaled \$321,109 and \$247,998 as of August 31, 2025 and 2024, respectively.

Net investment return consisted of the following:

	2025	2024
Net realized and unrealized gain on investments	\$ 1,502,369	\$ 2,306,260
Interest and dividends	544,216	554,611
Investment fees	(22,945)	(22,098)
	<u>\$ 2,023,640</u>	<u>\$ 2,838,773</u>

Ford's Theatre Society

Notes to Financial Statements

Note 3. Promises to Give

Unconditional: Unconditional promises to give consisted of the following:

	2025	2024
Receivable in less than one year	\$ 2,865,019	\$ 3,806,531
Receivable in one to five years	6,347,037	7,622,845
	9,212,056	11,429,376
Less discount to present value	(1,077,384)	(1,578,623)
Present value of receivables	<u>\$ 8,134,672</u>	<u>\$ 9,850,753</u>

The Society obtained an unconditional promise to give of \$9,000,000 during March 2024. As of August 31, 2025 and 2024, the remaining receivable balance is \$6,000,000 and \$7,000,000, respectively, which represents 65% and 61%, respectively of all gross promises to give.

Conditional: The Society also has conditional promises to give primarily from government funding sources. Future payments are contingent upon the Society carrying out certain activities, which will meet the donor-imposed barriers stipulated by the various government grant agreements. Conditional promises to give from government funding sources totaled \$0 and \$106,775 as of August 31, 2025 and 2024, respectively.

Note 4. Liquidity and Availability of Resources

The Society manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining a level of reserves to provide reasonable assurance that long-term obligations will be discharged. The Society's investment policy provides guidelines for management to follow in managing liquidity and reserves.

Financial assets available for general expenditure within one year consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 3,512,875	\$ 3,709,194
Investments	6,070,823	6,235,192
Investments held for endowment	13,987,918	13,271,134
Accounts receivable	72,672	24,717
Promises to give, net:		
Current capital campaign	7,835,959	9,641,890
Other promises to give	298,713	208,863
Subtotal financial assets	<u>31,778,960</u>	<u>33,090,990</u>
Less amounts not available for general expenditures:		
Investments held to fund deferred compensation	(321,109)	(247,998)
Board-designated net assets	(9,278,958)	(1,750,000)
Net assets with donor restrictions related to financial assets above	<u>(14,265,479)</u>	<u>(22,913,024)</u>
	<u>\$ 7,913,414</u>	<u>\$ 8,179,968</u>

Ford's Theatre Society

Notes to Financial Statements

Note 4. Liquidity and Availability of Resources (Continued)

Line of credit: In October 2022, the Society obtained an operating line of credit with First-Citizens Bank & Trust Company. The operating line of credit provides a maximum borrowing limit of \$1,200,000 and certain assets held by the Society are considered to be collateral for any borrowings on the operating line of credit. Interest on drawdowns is calculated in accordance with the operating line of credit agreement. Interest is calculated on the operating line of credit using a variable secured overnight financing rate plus 1.850%. The line of credit has a maturity date of January 20, 2026. During the years ended August 31, 2025, there were draws of \$350,000 on the operating line of credit which were fully repaid by August 31, 2025. Therefore, no balance on the operating line of credit was due as of August 31, 2025 and 2024.

Letter of credit: In October 2022, the Society obtained a standby letter of credit totaling \$218,000 with First-Citizens Bank & Trust Company in favor of the Actors Equity Association. In the event the letter of credit is used in the future, First Citizens Bank & Trust Company would pay the Actors Equity Association using the line of credit and the Society would record a line of credit liability of \$218,000 at that point in time. In 2025, the standby letter of credit was increased to \$240,000 and will mature on November 20, 2026.

Note 5. Property and Equipment

Property and equipment consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Building and improvements (514 10th Street)	\$ 25,570,444	\$ 25,570,444
Building and improvements (512 10th Street)	41,485,952	8,877,087
Land	767,621	767,621
Capital projects in progress (see Note 14)	-	25,071,952
Leasehold improvements	13,028,975	13,028,975
Production and audio equipment	2,665,805	2,539,522
Computer equipment and website	436,113	454,621
Furniture and office equipment	590,863	590,863
Vehicle	26,018	26,018
Art	11,000	11,000
	<u>84,582,791</u>	<u>76,938,103</u>
Less accumulated depreciation and amortization	<u>(21,461,130)</u>	<u>(19,923,623)</u>
	<u>\$ 63,121,661</u>	<u>\$ 57,014,480</u>

Ford's Theatre Society

Notes to Financial Statements

Note 6. Debt Obligations

Note payable: In October 2022, the Society entered into a construction line of credit with First-Citizens Bank & Trust Company for \$15,000,000 related to construction on the property located at 512 10th Street, which is secured by the Society's investments, accounts receivable, promises to give, intangible assets, certain property and equipment other than real estate and other goods. The construction line of credit is guaranteed by assets held in the Society's endowment fund. Interest on the construction line of credit is calculated using a fixed interest rate of 3.890%. In accordance with the terms of the loan agreement, one principal payment, plus interest, is due on the maturity date, which is October 18, 2029. Effective in November 2022, the Society is required to make monthly interest only payments. The construction line of credit includes a pre-payment penalty, but only if the Society refinances the note payable with another bank prior to the maturity date. There is a provision that the outstanding balance cannot exceed \$13,000,000 at December 31, 2025, \$10,000,000 at December 31, 2026, and \$8,000,000 at December 31, 2027. The balance due on the construction line of credit totaled \$15,000,000 and \$7,739,441 and at August 31, 2025 and 2024, respectively.

The construction line of credit with First-Citizens Bank & Trust includes financial and nonfinancial covenants.

Note 7. Net Assets Without Donor Restrictions

Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Undesignated net assets are used for the general operations of the Society. Designated net assets include those net assets whose use by the Society has been designated by a resolution of the Board of Trustees. The Board created a designated fund of \$1,500,000 to be used at the Board's discretion for relief in the case of an unplanned emergency, such as experienced at the start of the COVID-19 pandemic, or to take advantage of emergent opportunities in furtherance of the Society's mission for which funding may not be otherwise available. During the years ended August 31, 2025 and 2024, the Board of Trustees approved a motion to transfer \$250,000 and \$535,000, respectively, from the Reserves fund to undesignated net assets. As described in Note 8, the remaining capital campaign funds restricted for long-lived assets were released upon completion of the related project and the remaining balance was transferred into board designated funds.

Net assets without donor restrictions consisted of the following at August 31, 2025 and 2024:

	2025	2024
Undesignated	\$ 53,136,994	\$ 28,227,502
Board-designated:		
Reserves fund	-	250,000
Emergencies and opportunities fund	1,500,000	1,500,000
Capital Campaign funds designated for loan payments	7,778,958	-
	<u>\$ 62,415,952</u>	<u>\$ 29,977,502</u>

Ford's Theatre Society

Notes to Financial Statements

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Capital campaign	\$ 277,561	\$ 33,290,464
Endowment available for appropriation	8,637,754	7,920,970
Endowment held in perpetuity	5,350,164	5,350,164
Productions and programming	1,166,667	616,667
Digital projects	148,971	148,971
Time restrictions	152,650	81,979
	<u>\$ 15,733,767</u>	<u>\$ 47,409,215</u>

Net assets released from restrictions consisted of the following for the years ended August 31, 2025 and 2024:

	2025	2024
Endowment earnings appropriated for expenditures	\$ 879,350	\$ 854,570
Productions and programming	616,667	355,000
Time restrictions	81,979	94,608
Capital Campaign	35,140,948	-
	<u>\$ 36,718,944</u>	<u>\$ 1,304,178</u>

Capital Campaign: Releases from restrictions related to the capital campaign for the purchases of long-lived assets will occur when the related asset has been placed in service. In June 2025, the Society completed the renovation of its new building and placed those improvements into service. Accordingly, donor-restricted Capital Campaign funds for the purchase of long-lived assets were released upon the fulfillment of the purpose restriction into undesignated net assets without donor restrictions, other than those amounts related to the remaining promises to give receivable, which were released into board designated funds within the net assets without donor restrictions. Those designated funds are to be used primarily for payment of the line of credit.

Note 9. Endowment Fund

The endowment Fund was established to receive restricted contributions from donors who required that amounts donated be held in perpetuity with the principal invested so that the income may be used for unrestricted operating activities. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society has interpreted the District of Columbia's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. Consequently, the Society classifies donor-restricted net assets as:

- The original value of gifts donated to the donor-restricted endowment
- The original value of subsequent gifts to the donor-restricted endowment
- Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

Ford's Theatre Society

Notes to Financial Statements

Note 9. Endowment Fund (Continued)

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return objectives and risk parameters: The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in funds to achieve growth in principal value and income over time that is sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation and ensuring a real return on assets over the rate of inflation.

Spending policy: Income from the endowment fund is distributed based on a spending rate up to 5% of the average balance of the endowment invested funds from the previous three years, as approved by the Board of Trustees. Amounts appropriated for expenditures totaled \$879,350 and \$854,570 during the years ended August 31, 2025 and 2024, respectively.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Society 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 Society's current asset allocation for Board-designated and endowment funds targets a composition of 10% non-correlative investments, 35% fixed income and 55% equity.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Society to retain as a fund for perpetual duration. However, there were no such deficiencies as of August 31, 2025 or 2024.

Changes in the Endowment Fund consisted of the following as of and for the year ended August 31, 2025:

	Available for Appropriation	Held in Perpetuity	Total
Endowment fund, September 1, 2024	\$ 7,920,970	\$ 5,350,164	\$ 13,271,134
Net investment return	1,596,134	-	1,596,134
Amounts appropriated for expenditures	(879,350)	-	(879,350)
Change in net assets	716,784	-	716,784
Endowment fund, August 31, 2025	<u>\$ 8,637,754</u>	<u>\$ 5,350,164</u>	<u>\$ 13,987,918</u>

Ford's Theatre Society

Notes to Financial Statements

Note 9. Endowment Fund (Continued)

Changes in the Endowment Fund consisted of the following as of and for the year ended August 31, 2024:

	Available for Appropriation	Held in Perpetuity	Total
Endowment fund, September 1, 2023	\$ 6,587,620	\$ 5,350,164	\$ 11,937,784
Net investment return	2,187,920	-	2,187,920
Amounts appropriated for expenditures	(854,570)	-	(854,570)
Change in net assets	1,333,350	-	1,333,350
Endowment fund, August 31, 2024	<u>\$ 7,920,970</u>	<u>\$ 5,350,164</u>	<u>\$ 13,271,134</u>

Note 10. Other Income

Other income included various types of contracts with customers, all of which are recognized at a point in time, except for production participation, which is recognized over the time in which the productions occurred.

Other income consisted of the following for the years ended August 31, 2025 and 2024:

	2025	2024
Restoration fees	\$ 301,400	\$ 281,990
Concessions and other income	294,337	195,722
Royalty income	15,968	6,658
	<u>\$ 611,705</u>	<u>\$ 484,370</u>

Note 11. Contributed Non-Financial Assets and Services

Recorded amounts: Contributed nonfinancial assets are recorded at estimated fair value as in-kind contributions in the statements of activities. Contributed nonfinancial assets did not have donor-imposed restrictions. Donated services were used in the program and supporting services listed below. No donated goods were monetized through sales to third parties. A summary of the fair value estimates related to contributed nonfinancial assets and services follows:

Airline tickets: Donated airline tickets are valued using monthly statements, which include the specific flights that were provided free of charge. The airline tickets for individual flights are recorded in the program and supporting services that benefited.

Services: Donated services primarily consisted of pro bono legal fees, which are recognized in the statements of activities as contributions and expenses in equal amounts in accordance with U.S. GAAP when the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Society. Donated services are recorded in the general and administrative supporting service.

Audio/visual: Donated audio/visual was valued using an estimated value of the videos produced for the Lincoln Medal Recipients at the annual gala. The donated audio/visual services are recorded in the gala production supporting service.

Ford's Theatre Society

Notes to Financial Statements

Note 11. Contributed Non-Financial Assets and Services (Continued)

Reception catering: Donated food consisted of reception catering for the benefit of patrons provided to the Society free of charge. Donated food was valued at amounts equal to the listed prices on the restaurants' menus.

Contributed nonfinancial assets and services recorded on the statements of activities in support and expense and consisted of the following for the years ended August 31, 2025 and 2024:

	2025	2024
Services	\$ 351,302	\$ 305,872
Reception catering	126,409	84,745
Airline tickets	30,867	46,928
Audio/visual	-	35,000
	<u>\$ 508,578</u>	<u>\$ 472,545</u>

Unrecorded amount: The Society has permission from the NPS to use the historic theatre. In exchange for use of the facilities, NPS expects the Society will operate according to its mission to provide visitors with the highest quality of artistic product and its broadest dissemination under public sponsorship. However, the Society has not recorded a contribution for use of facilities due to the nature of the services it provides on behalf of NPS in exchange for the rent-free use of the facilities.

Note 12. Retirement Plans

Defined contribution plan: The Society sponsors a defined contribution 401(k) retirement plan available to all employees meeting certain eligibility requirements, as defined by the plan document. The current version of the plan provides that the Society will make safe harbor matching contributions equal to 100% of participant salary deferrals that do not exceed 3%, plus 50% of participant salary deferrals between 3% and 5%. The Society may also make additional discretionary contributions. The Society's contributions to the plan totaled \$132,646 and \$134,801 during the years ended August 31, 2025 and 2024, respectively.

Union retirement plans: The Society contributed to other retirement plans on behalf of union members during the years ended August 31, 2025 and 2024. The Society's contributions related to these other retirement plans totaled \$425,029 and \$391,116 for the years ended August 31, 2025 and 2024, respectively.

Deferred compensation plan: The Society has a deferred compensation plan for a key employee. The plan was established in accordance with Section 457(f) of the IRC. The plan is funded by investments held to fund deferred compensation, which are described in Note 2. The liability related to the deferred compensation plan is measured at fair value using Level 2 inputs, and is included in accounts payable in the accompanying statements of financial position. The deferred compensation asset and liability totaled \$321,109 and \$247,998 as of August 31, 2025 and 2024, respectively.

Ford's Theatre Society

Notes to Financial Statements

Note 13. Leases

Operating lease: The Society has a long-term partnership agreement with the NPS allowing the Society use of the historic building for theatrical productions and educational programs. The Society has an operating lease for lobby space that expires December 31, 2026 (during the year ending August 31, 2027). The lease includes a 2.00% escalation per year.

Rent expense, which includes the rental payments plus pass-through property taxes and other incidental expenses, totaled \$494,732 and \$477,666 for the years ended August 31, 2025 and 2024, respectively.

The Society calculated the present value of the lease over the term of the respective agreement using the risk-free rate on the adoption date of Topic 842, based on the remaining lease term. The interest rate utilized for each of the years ended August 31, 2025 and 2024, was 3.39%. The weighted-average remaining lease term is 1.33 years and 2.33 years at August 31, 2025 and 2024, respectively.

Future minimum payments under the Society's lease agreements are as follows:

Years ending August 31:	
2026	\$ 392,446
2027	131,674
	<u>524,120</u>
Less imputed interest*	(12,418)
Discounted lease liability	<u>\$ 511,702</u>

* Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

Note 14. Commitments and Contingencies

Employment agreement: The Society has an employment agreement with its Director. Under the terms of the agreement, should the Society terminate his employment without cause, the Society would be obligated to pay severance in accordance with the terms of the agreement.

Government grants: The Society receives funding in accordance with several federal and D.C. government grants, which are subject to financial and compliance examinations by federal or state agencies or their representatives. Therefore, a contingent liability may exist for potential questioned costs that would result from such examinations. However, management does not anticipate significant adjustments as a result of such examinations.

Paycheck Protection Program (PPP) loans: The SBA has the right to audit recipients of PPP loans for up to six years from the date of forgiveness. The Society's PPP loans were forgiven in November 2021 and February 2021. However, management does not believe a material risk exists related to the SBA's right to audit.

Capital projects in process: Capital projects in process represent the expansion of the Society's 514 10th Street NW property to include space that was formerly 512 10th Street NW. This expansion will provide expanded amenities for visitors, as well as expanded theatrical production spaces, and will allow for growth of the Society's education and community initiatives. In connection with this project, the Society entered into a contract with a general contractor for a total of approximately \$22,983,000, with a remaining obligation as of August 31, 2025, of approximately \$818,210. The project was placed in service by the Society in June 2025.

Union: Certain employees organized and voted to be represented by a worker's union. The collective bargaining unit made up 20% of the workforce at the Society as of August 31, 2025. The term of the current union agreement is effective through August 31, 2028.