



# Overture Center Foundation, Inc.

Consolidated Financial Statements  
(and Supplementary Information)  
Years Ended June 30, 2019 and 2018

## Overture Center Foundation, Inc.

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Consolidated Financial Statements  
(and Supplementary Information)  
Years Ended June 30, 2019 and 2018

# Overture Center Foundation, Inc.

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## Independent Auditor's Report

Board of Directors  
Overture Center Foundation, Inc.  
Madison, Wisconsin

We have audited the accompanying consolidated financial statements of Overture Center Foundation, Inc. (a Wisconsin not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Overture Center Foundation, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter - Prior Period Financial Statements

The consolidated financial statements of Overture Center Foundation, Inc. as of and for the year ended June 30, 2018, were audited by Smith & Gesteland, LLP ("S&G"), whose partners and professional staff joined BDO USA, LLP as of July 1, 2018, and has subsequently ceased operations. S&G expressed an unmodified opinion on those statements in their report dated September 21, 2018.

BDO USA, LLP

September 20, 2019

## Consolidated Financial Statements

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**Overture Center Foundation, Inc.**  
**Consolidated Statements of Financial Position**

<i>June 30,</i>	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,868,720	\$ 8,474,427
Accounts receivable, net	704,516	246,732
Unconditional promises to give, net	521,320	822,697
Prepaid expenses	397,672	311,170
Note receivable	-	22,475
<b>Total Current Assets</b>	<b>12,492,228</b>	<b>9,877,501</b>
<b>Other Assets</b>		
Long-term unconditional promises to give, net	494,300	553,017
Beneficial interest in assets held by		
Madison Community Foundation	1,451,947	1,394,981
Cash restricted for endowment	-	1,000,000
Investments restricted for endowment	1,080,598	-
Property and equipment, net	140,495,296	143,900,207
<b>Total Other Assets</b>	<b>143,522,141</b>	<b>146,848,205</b>
<b>Total Assets</b>	<b>\$ 156,014,369</b>	<b>\$ 156,725,706</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 297,629	\$ 241,130
Accrued liabilities	944,915	854,993
Unearned revenue	8,711,157	6,208,468
Due to City of Madison, current portion	21,416	48,714
Notes payable, current portion	193,769	188,208
<b>Total Current Liabilities</b>	<b>10,168,886</b>	<b>7,541,513</b>
<b>Long-Term Liabilities</b>		
Due to City of Madison, net of current portion	42,828	64,243
Notes payable, net of current portion	847,838	1,041,607
<b>Total Long-Term Liabilities</b>	<b>890,666</b>	<b>1,105,850</b>
<b>Total Liabilities</b>	<b>11,059,552</b>	<b>8,647,363</b>
<b>Net Assets</b>		
Without donor restrictions	140,824,966	143,879,967
With donor restrictions	4,129,851	4,198,376
<b>Total Net Assets</b>	<b>144,954,817</b>	<b>148,078,343</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 156,014,369</b>	<b>\$ 156,725,706</b>

*See accompanying notes to consolidated financial statements.*

# Overture Center Foundation, Inc.

## Consolidated Statement of Activities

<i>Year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operations</b>			
Operating revenue			
Ticket sales and fees	\$ 10,579,662	\$ -	\$ 10,579,662
Facility rentals and services	2,228,915	-	2,228,915
Investment income, net	66,687	-	66,687
Other revenue	977,491	-	977,491
Special events	386,913	-	386,913
<b>Total Operating Revenue</b>	<b>14,239,668</b>	<b>-</b>	<b>14,239,668</b>
<b>Operating Expenses</b>			
Production	8,827,064	-	8,827,064
Programming, performance operations, and events	2,133,596	-	2,133,596
Ticketing, marketing, and sales	1,952,998	-	1,952,998
Facilities	2,378,627	-	2,378,627
Management and general	2,008,872	-	2,008,872
<b>Total Operating Expenses</b>	<b>17,301,157</b>	<b>-</b>	<b>17,301,157</b>
<b>Deficit From Operations</b>	<b>(3,061,489)</b>	<b>-</b>	<b>(3,061,489)</b>
<b>Fundraising</b>			
Contributions	837,755	746,183	1,583,938
Grants and sponsorships	280,973	468,124	749,097
Fundraising expense	(704,373)	-	(704,373)
Net assets released from restrictions	1,439,921	(1,439,921)	-
<b>Surplus (Deficit) From Fundraising</b>	<b>1,854,276</b>	<b>(225,614)</b>	<b>1,628,662</b>
<b>Other Income and Expenses</b>			
Change in value of beneficial interest in assets held by Madison Community Foundation	-	98,991	98,991
Investment income, net	-	58,098	58,098
City of Madison support grant	1,950,000	-	1,950,000
Depreciation expense	(3,765,237)	-	(3,765,237)
Interest expense	(32,551)	-	(32,551)
<b>Total Other Income and Expenses</b>	<b>(1,847,788)</b>	<b>157,089</b>	<b>(1,690,699)</b>
<b>Change in Net Assets</b>	<b>(3,055,001)</b>	<b>(68,525)</b>	<b>(3,123,526)</b>
<b>Net Assets - beginning of year</b>	<b>143,879,967</b>	<b>4,198,376</b>	<b>148,078,343</b>
<b>Net Assets - end of year</b>	<b>\$ 140,824,966</b>	<b>\$ 4,129,851</b>	<b>\$ 144,954,817</b>

*See accompanying notes to consolidated financial statements.*

# Overture Center Foundation, Inc.

## Consolidated Statement of Activities

<i>Year ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operations</b>			
Operating revenue			
Ticket sales and fees	\$ 9,675,465	\$ -	\$ 9,675,465
Facility rentals and services	2,149,147	-	2,149,147
Investment income, net	11,819	-	11,819
Other revenue	922,974	-	922,974
Special events	305,991	-	305,991
<b>Total Operating Revenue</b>	<b>13,065,396</b>	<b>-</b>	<b>13,065,396</b>
<b>Operating Expenses</b>			
Production	8,217,979	-	8,217,979
Programming, performance operations, and events	1,964,234	-	1,964,234
Ticketing, marketing, and sales	1,785,381	-	1,785,381
Facilities	2,220,451	-	2,220,451
Management and general	2,019,700	-	2,019,700
<b>Total Operating Expense</b>	<b>16,207,745</b>	<b>-</b>	<b>16,207,745</b>
<b>Deficit From Operations</b>	<b>(3,142,349)</b>	<b>-</b>	<b>(3,142,349)</b>
<b>Fundraising</b>			
Contributions	926,536	1,786,296	2,712,832
Grants and sponsorships	250,250	501,681	751,931
Fundraising expense	(810,874)	-	(810,874)
Net assets released from restrictions	1,680,561	(1,680,561)	-
<b>Surplus From Fundraising</b>	<b>2,046,473</b>	<b>607,416</b>	<b>2,653,889</b>
<b>Other Income and Expenses</b>			
Change in value of beneficial interest in assets held by Madison Community Foundation	-	120,144	120,144
City of Madison support grant	1,900,000	-	1,900,000
Depreciation expense	(3,716,878)	-	(3,716,878)
Interest expense	(36,206)	-	(36,206)
<b>Total Other Income and Expenses</b>	<b>(1,853,084)</b>	<b>120,144</b>	<b>(1,732,940)</b>
<b>Change in Net Assets</b>	<b>(2,948,960)</b>	<b>727,560</b>	<b>(2,221,400)</b>
<b>Net Assets - beginning of year</b>	<b>146,828,927</b>	<b>3,470,816</b>	<b>150,299,743</b>
<b>Net Assets - end of year</b>	<b>\$ 143,879,967</b>	<b>\$ 4,198,376</b>	<b>\$ 148,078,343</b>

*See accompanying notes to consolidated financial statements.*

**Overture Center Foundation, Inc.**  
**Consolidated Statement of Functional Expenses**

<i>Year ended June 30, 2019</i>	Program Services				Supporting Activities		Total
	Production	Programming	Ticketing	Facilities	Management and General	Fundraising	
Salaries, wages, and benefits	\$ 1,736,538	\$ 1,830,664	\$ 1,175,015	\$ 1,197,557	\$ 1,437,131	\$ 497,834	\$ 7,874,739
Artists and performance fees	5,283,695	2,355	-	-	-	5,315	5,291,365
Advertising	923,116	-	52,351	-	-	58,219	1,033,686
Purchased services	383,087	128,211	507,528	267,071	236,003	65,359	1,587,259
Professional services	9,910	340	65,742	7,995	252,307	515	336,809
Ticketing fees	-	-	38,700	-	-	-	38,700
Supplies	41,546	99,164	73,144	199,478	23,634	47,465	484,431
Utilities	130,484	38,378	7,676	575,666	11,513	3,838	767,555
Information technology	47,765	10,786	30,816	32,357	21,571	10,786	154,081
Insurance	5,133	20,149	280	96,587	13,725	1,372	137,246
Special events	253,245	-	-	-	-	-	253,245
Other expenses	12,545	3,549	1,746	1,916	12,988	13,670	46,414
<b>Subtotal</b>	<b>8,827,064</b>	<b>2,133,596</b>	<b>1,952,998</b>	<b>2,378,627</b>	<b>2,008,872</b>	<b>704,373</b>	<b>18,005,530</b>
Depreciation	450,767	45,344	26,672	3,231,785	8,002	2,667	3,765,237
Interest expense	-	-	-	-	32,551	-	32,551
<b>Total Expenses</b>	<b>\$ 9,277,831</b>	<b>\$ 2,178,940</b>	<b>\$ 1,979,670</b>	<b>\$ 5,610,412</b>	<b>\$ 2,049,425</b>	<b>\$ 707,040</b>	<b>\$ 21,803,318</b>

*See accompanying notes to consolidated financial statements.*

**Overture Center Foundation, Inc.**  
**Consolidated Statement of Functional Expenses**

<i>Year ended June 30, 2018</i>	Program Services				Supporting Activities		Total
	Production	Programming	Ticketing	Facilities	Management and General	Fundraising	
Salaries, wages, and benefits	\$ 1,592,869	\$ 1,690,843	\$ 1,122,885	\$ 1,092,712	\$ 1,426,853	\$ 529,207	\$ 7,455,369
Artists and performance fees	5,061,266	125	150	-	-	14,417	5,075,958
Advertising	727,033	7,167	33,517	-	-	44,328	812,045
Purchased services	391,369	91,301	449,919	228,888	237,530	77,608	1,476,615
Professional services	9,093	-	59,006	12,947	272,531	13,495	367,072
Ticketing fees	-	-	33,213	-	-	-	33,213
Supplies	52,422	103,835	50,170	183,575	30,887	42,199	463,088
Utilities	122,655	38,042	7,607	577,319	11,413	3,804	760,840
Information technology	39,413	8,900	25,428	26,699	17,799	8,900	127,139
Insurance	5,034	19,769	274	94,766	13,466	1,347	134,656
Special events	207,525	-	-	-	-	-	207,525
Other expenses	9,300	4,252	3,212	3,545	9,221	75,569	105,099
<b>Subtotal</b>	<b>8,217,979</b>	<b>1,964,234</b>	<b>1,785,381</b>	<b>2,220,451</b>	<b>2,019,700</b>	<b>810,874</b>	<b>17,018,619</b>
Depreciation	409,904	41,233	24,255	3,231,785	7,276	2,425	3,716,878
Interest expense	-	-	-	-	36,206	-	36,206
<b>Total Expenses</b>	<b>\$ 8,627,883</b>	<b>\$ 2,005,467</b>	<b>\$ 1,809,636</b>	<b>\$ 5,452,236</b>	<b>\$ 2,063,182</b>	<b>\$ 813,299</b>	<b>\$ 20,771,703</b>

*See accompanying notes to consolidated financial statements.*

# Overture Center Foundation, Inc.

## Consolidated Statements of Cash Flows

<i>Year ended June 30,</i>	2019	2018
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (3,123,526)	\$ (2,221,400)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,765,237	3,716,878
Donated property and equipment	-	(55,782)
Loss on disposal of equipment	16,270	-
Contributions restricted for long-term purposes	-	(514,000)
Change in value of beneficial interest in assets held by Madison Community Foundation	(98,991)	(120,144)
Realized and unrealized gain on investments	(80,598)	-
(Increase) decrease in assets:		
Accounts receivable, net	(457,784)	(60,406)
Unconditional promises to give, net	360,094	(103,295)
Prepaid expenses	(86,502)	(7,350)
Increase (decrease) in liabilities:		
Accounts payable	56,499	(117,283)
Accrued liabilities	89,922	121,599
Due to City of Madison	(48,713)	(48,713)
Unearned revenue	2,502,689	1,550,370
<b>Net Cash Flows Provided by Operating Activities</b>	<b>2,894,597</b>	<b>2,140,474</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of equipment	(376,596)	(912,473)
Decrease (increase) in cash restricted for endowment	1,000,000	(600,000)
Purchase of investments for endowment	(1,000,000)	-
Transfer of assets to Madison Community Foundation	(13,500)	(14,000)
Distributions received from assets held by Madison Community Foundation	55,525	57,484
Collections on note receivable	22,475	21,380
<b>Net Cash Flows Used in Investing Activities</b>	<b>\$ (312,096)</b>	<b>\$ (1,447,609)</b>

# Overture Center Foundation, Inc.

## Consolidated Statements of Cash Flows

<i>Year ended June 30,</i>	2019	2018
<b>Cash Flows From Financing Activities</b>		
Proceeds from notes payable	\$ -	\$ 250,000
Payments on notes payable	(188,208)	(171,147)
Proceeds from contributions restricted for investment in permanent endowment	-	614,000
<b>Net Cash Flows (used in) Provided by Financing Activities</b>	<b>(188,208)</b>	<b>692,853</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,394,293</b>	<b>1,385,718</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>8,474,427</b>	<b>7,088,709</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 10,868,720</b>	<b>\$ 8,474,427</b>
<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	\$ 32,551	\$ 36,206

*See accompanying notes to consolidated financial statements.*

**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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**1. Information about the Organization and Summary of Significant Accounting Policies**

Overture Center Foundation, Inc. (OCF) is a Wisconsin non-stock, tax exempt organization that leases and operates the Overture Center for the Arts (the Center), a performing and visual arts center in Madison, Wisconsin. OCF's mission is to enrich the lives of individuals and the community by creating, encouraging, and catalyzing extraordinary experiences. Among other activities, OCF raises funds to support free and low-cost community and education programs, as well as other programs and initiatives which help to advance the mission. The Center is also home to ten resident companies: Bach Dancing and Dynamite Society, Forward Theater Company, Children's Theater of Madison, Li Chiao-Ping Dance, Kanopy Dance Company, Madison Ballet, Madison Opera, Madison Symphony Orchestra, Wisconsin Academy, and Wisconsin Chamber Orchestra (collectively, Residents).

Overture Development Corporation (ODC), a Wisconsin non-stock, tax exempt organization, was established on June 8, 2000, for the sole purpose of constructing the Center. On August 5, 2011, the Block 65 Condominium Association was formed and the Center was split into two condominiums. Unit one was gifted to the Madison Museum of Contemporary Art (MMoCA). Unit two was retained by ODC and leased to OCF. The bylaws of ODC require that three of the five board members be members of OCF's board of directors. This composition of ODC's board gives OCF a majority voting interest in ODC and, thus, requires the consolidation of ODC with OCF.

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

***Principles of Consolidation***

The consolidated financial statements include the accounts of OCF and ODC. ODC is consolidated since OCF has both an economic interest in ODC and control of ODC through a majority voting interest in its governing body. All significant transactions and balances between the organizations have been eliminated for financial statement purposes.

***Basis of Presentation***

The consolidated financial statements of OCF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

***Estimates***

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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### *Cash and Cash Equivalents*

OCF defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less, except for those amounts held for investment purposes.

### *Accounts Receivable*

Accounts receivable are stated at the amount OCF expects to collect from outstanding balances. Based upon OCF's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year end will be immaterial. Accounts are written off when management believes the balance is no longer collectible. Accounts receivable are shown net of an allowance for doubtful accounts of \$2,000 for the years ended June 30, 2019 and 2018.

### *Promises to Give*

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due date are written off unless the donors indicate that payment is merely postponed. Promises to give are shown net of an allowance for doubtful accounts of \$10,000 for the years ended June 30, 2019 and 2018.

### *Investments*

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. The fair value of fixed income and equity mutual funds are based on the daily closing price reported on the active markets on which the investments are traded. Money market funds are valued daily at the net asset value of the shares held at the end of the year. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. OCF records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and realized and unrealized gains or losses are included in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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***Property and Equipment***

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions.

Donated property and equipment are recognized as revenue at their estimated fair value at the date of receipt and capitalized and depreciated over their useful lives. Donated property and equipment are recognized as unrestricted support unless the donor stipulates how the donated assets must be used.

Contributions of cash that must be used to acquire property and equipment are reported as with donor restricted contributions. OCF reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. OCF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

<i>Asset Classification</i>	Estimated Useful Life
Building	25 - 55 years
Furniture, fixtures, and equipment	3 - 15 years

***Impairment of Long-Lived Assets***

OCF reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

***Net Assets***

OCF reports information regarding its financial position and activities according to the following two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

*Net assets without donor restrictions* - Net assets that are not restricted by donors. Designations are voluntary, board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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*Net assets with donor restrictions* - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions, including net assets that have been restricted by donors to be maintained by OCF in perpetuity.

When a restriction expires (that is, when a stipulated time restriction ends, or purpose restrictions are accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

***Revenue Recognition***

Charges for ticket sales, ticketing fees, facility rentals, and other services revenue are recorded in the period when the related service is performed.

Ticket office receipts and facility rental deposits attributable to future activities are included in cash and cash equivalents and reflected as unearned revenue until earned.

Contributions (including grants and sponsorships) are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying consolidated financial statements. Volunteers have contributed countless hours of service supporting the arts. OCF simply could not work without the hundreds of dedicated individuals who donate their time and talents each year as ushers, tour guides, information desk associates, and special events staff. While the value of these volunteer services is not recognized as revenue, these services save OCF over \$400,000 annually in labor costs.

Gifts of land, buildings, and equipment are recognized as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Gifts of long-lived assets are capitalized and depreciated in accordance with OCF's property and equipment practices.

***Advertising Expenses***

Advertising costs are charged to operations when incurred. Advertising expense was \$1,033,686 and \$812,045 for the years ended June 30, 2019 and 2018, respectively.

***Functional Expense Allocations***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages and benefits are allocated based on estimates of time and effort. Information technology expenses are allocated by the percentage of FTEs per

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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department. Depreciation expense is allocated based on the estimated usage of equipment by department, with the exception of depreciation of the property and building, which is entirely allocated to facilities. Insurance expense is allocated based on estimated coverage of equipment and personnel by department, with the exception of property insurance covering the building, which is entirely allocated to facilities. Utilities expense is allocated based on the estimated usage by department.

### *Tax Exempt Status*

OCF and ODC are tax exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of Wisconsin law, and accordingly, are not subject to federal or state income taxes. However, income from certain activities not directly related to the tax-exempt purpose of OCF or ODC may be subject to taxation as unrelated business income. OCF has net operating loss carry-forwards for both federal and state purposes resulting from certain unrelated business activities. If not used, the federal and state carry-forwards will begin to expire in 2028 and 2023, respectively. Any deferred tax asset resulting from the carry-forwards has been fully allowed for due to uncertainty of any benefit being realized.

OCF and ODC must recognize the tax benefit associated with the tax positions taken for tax return purposes when it is more likely than not the position will be sustained. OCF and ODC do not believe there are any material uncertain tax positions, and, accordingly, they did not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2019 and 2018, there were no interest or penalties recorded or included in the financial statements.

### *Sales Tax*

Sales tax is recorded on the net method. All applicable taxes are recorded as a liability when incurred.

### *Concentrations of Credit Risk*

OCF's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. OCF places its cash and cash equivalents with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insured limit. OCF has not experienced any losses related to these accounts.

### *Financial Instruments*

OCF follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 *Fair Value Measurement and Disclosure*, which defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. The fair values of cash and cash equivalents, receivables, promises to give, prepaid expenses, payables, accrued liabilities, unearned revenue, and notes payable approximate the carrying value due to the immediate or short-term maturity of these financial instruments. OCF has no financial instruments for which the carrying value differs materially from fair value.

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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### *Accounting Pronouncements Issued but Not Yet Adopted*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 that deferred the effective date for OCF until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of these ASUs on their financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases*, ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The ASU is effective for OCF's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of these ASUs on their financial statements.

### *Recently Adopted Accounting Pronouncement*

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. OCF has adopted the ASU retrospectively and adjusted the presentation of these financial statements accordingly. Other than the changes to the financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the financial statements. There was no effect on the change in net assets for the year ended June 30, 2018.

### *Reclassifications*

Certain accounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2019 financial statements.

**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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*Subsequent Events*

Management has evaluated subsequent events through September 20, 2019, the date the consolidated financial statements were available to be issued.

**2. Fair Value Measurements**

ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between participants on the measurement date. When determining fair value, OCF considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The framework for measuring fair value provides a fair value hierarchy that requires OCF to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization in the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy establishes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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Fair values of assets measured on a recurring basis at June 30 are as follows:

<i>2019</i>	Total	Level 1	Level 2	Level 3
Investments				
Money market fund	\$ 33,426	\$ -	\$ 33,426	\$ -
Mutual funds				
Fixed income	351,753	351,753	-	-
Equity	695,419	695,419	-	-
Sub-Total	1,080,598	1,047,172	33,426	-
Beneficial interest in assets held by Madison Community Foundation	1,451,947	-	-	1,451,947
<b>Total</b>	<b>\$ 2,532,545</b>	<b>\$ 1,047,172</b>	<b>\$ 33,426</b>	<b>\$ 1,451,947</b>
<i>2018</i>	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by Madison Community Foundation	\$ 1,394,981	\$ -	\$ -	\$ 1,394,981

OCF's beneficial interest in assets held by Madison Community Foundation (MCF) represents an agreement between OCF and MCF in which OCF transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded, and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to OCF by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

OCF's valuation methodologies used to measure the fair value of investments are described in Note 1. There have been no changes in methodologies used at June 30, 2019 and 2018. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although OCF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

<i>June 30,</i>	2019	2018
<b>Beginning Balance</b>	<b>\$ 1,394,981</b>	<b>\$ 1,318,321</b>
Transfer of assets to Madison Community Foundation	13,500	14,000
Distributions received from assets held by Madison Community Foundation	(55,525)	(57,484)
Change in value of beneficial interest included in change in net assets	98,991	120,144
<b>Ending Balance</b>	<b>\$ 1,451,947</b>	<b>\$ 1,394,981</b>

### 3. Unconditional Promises to Give

Unconditional promises to give are as follows at:

<i>June 30,</i>	2019	2018
Receivable in less than one year	\$ 521,320	\$ 822,697
Receivable in one to five years	520,100	584,217
Less discounts to net present value	(15,800)	(21,200)
Less allowance for promises to give	(10,000)	(10,000)
<b>Unconditional Promises to Give, net</b>	<b>\$ 1,015,620</b>	<b>\$ 1,375,714</b>

The rates used to discount the unconditional promises to give at June 30, 2019 and 2018, ranged between 2.7% and 3.7%, respectively.

### 4. Endowment

Endowment assets consisted of the following:

<i>June 30,</i>	2019	2018
Cash restricted for endowment	\$ -	\$ 1,000,000
Pledges receivable restricted for endowment	80,000	100,000
Investments held at Trust Point	1,080,598	-
Beneficial interest in assets held by Madison Community Foundation	1,451,947	1,394,981
<b>Total Endowment Assets</b>	<b>\$ 2,612,545</b>	<b>\$ 2,494,981</b>

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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The Overture Center Endowment Fund (Fund) is a component fund of the Madison Community Foundation, a tax-exempt community foundation located in Madison, Wisconsin. OCF is the designated beneficiary of the Fund. The Fund was originally established in 1977 by the Common Council of the City of Madison to provide support for the operations of the Madison Civic Center. In 1985, a permanent endowment of \$830,000 was established. In 2013, 2015, 2016, 2017, 2018, and 2019, a donor contributed \$15,000, \$28,250, \$15,000, \$14,500, \$14,000, and \$13,500, respectively, to OCF's permanent endowment fund with the MCF. The Fund agreement provides for the distribution of net income of the Fund each year. The current policy is to distribute 4.25% of the Fund's average market value over the last 20 quarters. However, no distributions from the Fund will reduce the minimum balance of the Fund below the \$930,250 permanent endowment requirement. The Fund is charged management and trust fees by MCF each quarter.

In 2005, the Center was built, replacing the Madison Civic Center. On January 1, 2012, when OCF took over the operations of Overture Center for the Arts from the Madison Cultural Arts District (MCAD), it became the beneficiary of the Fund and thus recorded the asset value of the Fund on its financial statements.

*Interpretation of Relevant Law* - The OCF governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, OCF classifies as net assets with permanent 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 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. The remaining portion of the donor-restricted endowment fund that does not have permanent donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by OCF in a manner consistent with the standard of prudence described by UPMIFA.

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

1. The duration and preservation of the fund
2. The purposes of OCF and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of OCF
7. The investment policies of OCF

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**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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Endowment net asset composition by type of fund consisted of the following:

<i>June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,612,545	\$ 2,612,545

<i>June 30, 2018</i>	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,494,981	\$ 2,494,981

Changes in endowment net assets for the years ended June 30 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment net assets,</b> June 30, 2017	\$ -	\$ 1,818,321	\$ 1,818,321
Contributions	-	614,000	614,000
Investment gain net of fees and expenses	-	120,144	120,144
Sale of endowment investments for operations	-	(57,484)	(57,484)
<b>Endowment net assets,</b> June 30, 2018	-	2,494,981	2,494,981
Contributions	-	16,000	16,000
Investment gain net of fees and expenses	-	157,089	157,089
Sale of endowment investments for operations	-	(55,525)	(55,525)
<b>Endowment net assets,</b> June 30, 2019	\$ -	\$ 2,612,545	\$ 2,612,545

*Funds with Deficiencies* - From time to time, the fair value of assets associated with individual donor-restricted endowment funds could fall below the level that the donor or UPMIFA requires the OCF to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported in net assets with donor restrictions. OCF does not have any such deficiencies within its endowment fund as of June 30, 2019 and 2018.

*Spending Policy Summary* - The MCF's spending policy guidelines follow methods for the distribution of earnings from donor-restricted endowment funds that seek to preserve the Fund's

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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purchasing power. In addition, in the context of investing the majority of the assets in equities, OCF's goal is to manage the Fund in a manner that will seek to produce a predictable and stable stream of funds for charitable purposes. It includes a strategy for long-term investment and a procedure for calculating the amount to be distributed. The amount to be distributed from a fund is 4.25% of the Fund's average market value over the last 20 quarters. Administrative fees are based on a percentage of the Fund's market value.

*Investment Strategy* - The MCF investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the world equity, fixed income, commodities, real estate, and private equity markets. This strategy provides the MCF with a long-term asset mix that is most likely to meet the MCF's long-term goals with the appropriate level of risk.

### 5. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2019	2018
Land	\$ 5,848,499	\$ 5,848,499
Building	155,125,703	155,125,703
Furniture, fixtures, and equipment	5,944,724	5,880,138
Construction in progress	228,629	8,695
<b>Total Property and Equipment</b>	<b>167,147,555</b>	<b>166,863,035</b>
Less accumulated depreciation	(26,652,259)	(22,962,828)
<b>Property and Equipment, net</b>	<b>\$ 140,495,296</b>	<b>\$ 143,900,207</b>

Depreciation expense, including amortization of leased assets, was \$3,765,237 and \$3,716,878 for the years ended June 30, 2019 and 2018, respectively.

### 6. Note Receivable

OCF had a note receivable from MMoCA for its share of certain equipment additions. The balance of the note was \$0 and \$22,475 at June 30, 2019 and 2018, respectively. The note bore interest at 5%, required monthly installments of \$1,924, and matured in June 2019.

### 7. Retirement Plan

OCF offers a defined contribution retirement plan that covers substantially all full-time employees of OCF. New employees become eligible on the first day of the month after they begin employment. OCF makes a matching contribution of up to 3% on all eligible wages. During the years ended June 30, 2019 and 2018, the company contributed \$126,197 and \$113,963 to the plan, respectively.

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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### 8. Structural Agreement with City of Madison

On December 31, 2010, OCF entered into a long-term structural agreement with the City of Madison regarding the operation of the Center. By the terms of the agreement, the operations of the Center transferred from MCAD to OCF on January 1, 2012. The City of Madison agreed to provide OCF with an annual grant of \$2,000,000 per year subject to approval by the Common Council. The City of Madison further agreed to adjust the grant amount annually by the change in the consumer price index methodology in the State's Expenditure Restraint Program ("ERP"). This annual grant was to help fund operations, capital expenditures, and to support free and low-cost community programming. OCF applied for its first grant on August 1, 2011, and must reapply on or before August 1, for each subsequent year. For calendar years 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019, OCF received grants in the amount of \$1,850,000, \$1,750,000, \$1,600,000, \$1,750,000, \$1,750,000, \$1,900,000, \$1,900,000, and \$2,000,000, respectively. The cumulative difference between grants OCF received from the City of Madison and the grants to be received per the agreement is \$2,514,700 including ERP. Per annual performance terms within the agreement, OCF also agreed to use its best efforts to accumulate a capital reserve fund of \$5,000,000 by June 30, 2017. In fiscal year 2012-13, the OCF Board of Directors designated \$700,000 and in fiscal year 2015-16 designated another \$800,000 of net assets in a "Board Designated Reserve" that could be used to meet the intent of the structural agreement. In fiscal year 2016-17, the board designated an additional \$670,000 for a total of \$2,170,000.

As part of the structural agreement, OCF agreed to repay the City of Madison for a share of certain post-employment liabilities related to MCAD employees as of December 31, 2011. OCF agreed to repay these liabilities over a 10-year period in equal installments (the first installment was due December 30, 2012). In June 2013, the State of Wisconsin Department of Revenue (State) concluded a state sales tax audit of the MCAD for the years 2008 to 2011. The State determined the sales tax liability against the City of Madison, for sales taxes related to the MCAD, to be \$272,969. The City of Madison paid the State of Wisconsin the amount due in full. The City of Madison then negotiated an agreement with OCF to split the liability. This agreement, dated July 21, 2014, requires OCF to reimburse the City of Madison for its half of the liability in five equal annual principal payments in the amount of \$27,297, beginning August 15, 2014 through August 15, 2019, together with interest on the outstanding principal balance. The interest rate assessed will be equal to the City of Madison's earning rate on its pooled general fund investments plus 0.25%. This liability and corresponding expense (in the amount of \$136,485) was recognized by OCF in its consolidated financial statements in June 2014.

The components of the liability include the following:

- a. **Unfunded Prior Pension Liability:** The City of Madison had borrowed funds to fund an unfunded liability to the Wisconsin Retirement System for all City of Madison employees. MCAD agreed to repay the City of Madison for 50% of the liability of \$177,193 at December 31, 2011. The balance due to the City of Madison as of June 30, 2019 and 2018, was \$53,157 and \$70,877, respectively.
- b. **Accrued Vacation and Comp Time:** MCAD employees were entitled to a payout of accrued vacation and comp time upon leaving City of Madison employment. In the case of payouts to city employees subsequently hired by OCF, OCF agreed to repay the City of Madison 50% of payouts of \$36,963 at December 31, 2011. The balance due to the City of Madison as of June 30, 2019 and 2018, was \$11,087 and \$14,784, respectively.

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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- c. Sales Tax Audit Liability: OCF entered into an agreement with the City of Madison to pay 50% of the liability from the sales tax audit. The agreement was for OCF to make five annual installments of \$27,297. The balance due to the City of Madison as of June 30, 2019 and 2018, was \$0 and \$27,296, respectively.

### 9. Building Operating Lease - ODC

The lease between ODC and OCF for Unit 2 of the Block 65 Condominium Association, dated January 1, 2012, is a "net lease" in which OCF does not pay ODC rent for the leased premises. OCF is responsible for all repairs, maintenance, improvements, and alterations required to the leased premises during the term of the lease. It is also responsible for all costs and expenses necessary to operate the leased property. OCF also agrees to pay or reimburse ODC for all costs, fees, and expenses ODC incurred for accounting, audit fees, reporting, legal fees, and any and all other costs, fees, or expenses associated with, related to, or arising in connection with the leased premises. As such, the lease between ODC and OCF does not meet the criteria for a capital lease and is being accounted for as an operating lease which expires December 31, 2041.

### 10. Notes Payable

<i>June 30,</i>	2019	2018
Note payable secured by a collateral pledge on a deposit account with the bank for certain theater equipment. The note has a fixed interest rate of 3.37%, is due in equal monthly payments of \$4,368 and matures in December 2020.	\$ 76,528	\$ 125,417
Note payable secured by a collateral pledge on a deposit account with the bank for certain theater equipment. The note has a fixed interest rate of 2.75%, is due in equal monthly payments of \$9,560 and matures in March 2027.	798,660	889,729
Note payable secured by a collateral pledge on a deposit account with the bank for an interior upgrade of the administrative office. The note has a fixed interest rate of 2.75%, is due in equal monthly payments of \$4,469 and matures in September 2022.	166,419	214,669
	1,041,607	1,229,815
Less: current maturities	(193,769)	(188,208)
<b>Total Notes Payable, net of current portion</b>	<b>\$ 847,838</b>	<b>\$ 1,041,607</b>

**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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Future principal payments on the notes payable are as follows:

<i>Year ending June 30,</i>	
2020	\$ 193,769
2021	173,245
2022	151,458
2023	115,143
2024	104,648
Thereafter	303,344
<b>Total</b>	<b>\$ 1,041,607</b>

### 11. Line of Credit

OCF had a \$175,000 revolving line of credit secured by a collateral pledge on its deposit account with the bank. The line of credit had a fixed interest rate of 2.75% and expired on October 3, 2018. There was not outstanding balance on the line of credit at June 30, 2018.

### 12. Commitments and Contingencies

OCF is required to enter into an annual performance contract with the City of Madison in conjunction with its operating grant. OCF must meet certain financial and performance benchmarks to continue to be eligible for the grant given by the City of Madison.

From time to time, OCF is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on OCF's financial position or results of operations. Currently, no pending claims or legal proceedings exist.

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**Overture Center Foundation, Inc.**  
**Notes to Consolidated Financial Statements**

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**13. Net Assets**

Net assets consisted of the following:

<i>For the year ended June 30,</i>	2019	2018
<b>Without Donor Restrictions</b>		
General operating	\$ 1,919,154	\$ 1,742,370
Board Designated Reserve (Note 8)	2,170,000	2,170,000
<b>Total Without Donor Restrictions - Overture Center Foundation</b>	<b>4,089,154</b>	<b>3,912,370</b>
Overture Development Corporation net assets	136,735,812	139,967,597
<b>Total Without Donor Restrictions</b>	<b>140,824,966</b>	<b>143,879,967</b>
<b>With Donor Restrictions</b>		
Program support	673,212	520,775
Time restricted gifts	844,094	1,182,620
Endowment funds - temporarily restricted	659,795	578,231
Endowment funds - permanently restricted	1,952,750	1,916,750
<b>Total With Donor Restrictions - Overture Center Foundation</b>	<b>4,129,851</b>	<b>4,198,376</b>
<b>Total Net Assets</b>	<b>\$ 144,954,817</b>	<b>\$ 148,078,343</b>

**14. Liquidity and Availability of Financial Assets**

OCF's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<i>June 30,</i>	2019
Cash and cash equivalents	\$ 10,868,720
Accounts receivable, net	704,516
Unconditional promises to give due within one year	521,320
	12,094,556
Less: amounts with donor restrictions	(673,212)
<b>Total Financial Assets Available</b>	<b>\$ 11,421,344</b>

None of the financial assets are subject to donor or other contractual restrictions, except for \$673,212, that make them unavailable for general expenditure within one year of the statement of financial position date. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

# Overture Center Foundation, Inc.

## Notes to Consolidated Financial Statements

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As part of OCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, OCF invests cash in excess of daily requirements in interest bearing, fully-insured, savings accounts.

OCF's endowment funds consist of donor-restricted endowments as described in Note 4. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

Board of Directors  
Overture Center Foundation, Inc.  
Madison, Wisconsin

Our audit of the consolidated financial statements of Overture Center Foundation, Inc. as of and for the year ended June 30, 2019, included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

### Other Matter - Prior Period Supplementary Information

Smith & Gesteland, LLP's report dated September 21, 2018, stated that they were not aware of any material modifications that should be made to the supplementary information for the year ended June 30, 2018, as presented in the supplementary information.

*BDO USA, LLP*

September 20, 2019

**Overture Center Foundation, Inc.**  
**Consolidating Schedule of Financial Position**

<i>June 30, 2019</i>	Overture Center Foundation	Overture Development Corporation	Consolidated Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 10,868,720	\$ -	\$ 10,868,720
Accounts receivable, net	704,516	-	704,516
Unconditional promises to give, net	521,320	-	521,320
Prepaid expenses	397,672	-	397,672
<b>Total Current Assets</b>	<b>12,492,228</b>	<b>-</b>	<b>12,492,228</b>
<b>Other Assets</b>			
Long-term unconditional promises to give, net	494,300	-	494,300
Beneficial interest in assets held by Madison Community Foundation	1,451,947	-	1,451,947
Investments restricted for endowment	1,080,598	-	1,080,598
Property and equipment, net	3,759,484	136,735,812	140,495,296
<b>Total Other Assets</b>	<b>6,786,329</b>	<b>136,735,812</b>	<b>143,522,141</b>
<b>Total Assets</b>	<b>\$ 19,278,557</b>	<b>\$ 136,735,812</b>	<b>\$ 156,014,369</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 297,629	\$ -	\$ 297,629
Accrued liabilities	944,915	-	944,915
Unearned revenue	8,711,157	-	8,711,157
Due to City of Madison, current portion	21,416	-	21,416
Notes payable, current portion	193,769	-	193,769
<b>Total Current Liabilities</b>	<b>10,168,886</b>	<b>-</b>	<b>10,168,886</b>
<b>Long-term liabilities</b>			
Due to City of Madison, net of current portion	42,828	-	42,828
Notes payable, net of current portion	847,838	-	847,838
<b>Total Long-Term Liabilities</b>	<b>890,666</b>	<b>-</b>	<b>890,666</b>
<b>Total Liabilities</b>	<b>11,059,552</b>	<b>-</b>	<b>11,059,552</b>
<b>Net Assets</b>			
Without donor restrictions	4,089,154	136,735,812	140,824,966
With donor restrictions	4,129,851	-	4,129,851
<b>Total Net Assets</b>	<b>8,219,005</b>	<b>136,735,812</b>	<b>144,954,817</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 19,278,557</b>	<b>\$ 136,735,812</b>	<b>\$ 156,014,369</b>

**Overture Center Foundation, Inc.**  
**Consolidating Schedule of Financial Position**

<i>June 30, 2018</i>	Overture Center Foundation	Overture Development Corporation	Consolidated Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 8,474,427	\$ -	\$ 8,474,427
Accounts receivable, net	246,732	-	246,732
Unconditional promises to give, net	822,697	-	822,697
Prepaid expenses	311,170	-	311,170
Note receivable, current portion	22,475	-	22,475
<b>Total Current Assets</b>	<b>9,877,501</b>	<b>-</b>	<b>9,877,501</b>
<b>Other Assets</b>			
Long-term unconditional promises to give, net	553,017	-	553,017
Beneficial interest in assets held by Madison Community Foundation	1,394,981	-	1,394,981
Cash restricted for endowment	1,000,000	-	1,000,000
Property and equipment, net	3,932,610	139,967,597	143,900,207
<b>Total Other Assets</b>	<b>6,880,608</b>	<b>139,967,597</b>	<b>146,848,205</b>
<b>Total Assets</b>	<b>\$ 16,758,109</b>	<b>\$ 139,967,597</b>	<b>\$ 156,725,706</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 241,130	\$ -	\$ 241,130
Accrued liabilities	854,993	-	854,993
Unearned revenue	6,208,468	-	6,208,468
Due to City of Madison, current portion	48,714	-	48,714
Notes payable, current portion	188,208	-	188,208
<b>Total Current Liabilities</b>	<b>7,541,513</b>	<b>-</b>	<b>7,541,513</b>
<b>Long-Term Liabilities</b>			
Due to City of Madison, net of current portion	64,243	-	64,243
Notes payable, net of current portion	1,041,607	-	1,041,607
<b>Total Long-Term Liabilities</b>	<b>1,105,850</b>	<b>-</b>	<b>1,105,850</b>
<b>Total Liabilities</b>	<b>8,647,363</b>	<b>-</b>	<b>8,647,363</b>
<b>Net Assets</b>			
Without donor restrictions	3,912,370	139,967,597	143,879,967
With donor restrictions	4,198,376	-	4,198,376
<b>Total Net Assets</b>	<b>8,110,746</b>	<b>139,967,597</b>	<b>148,078,343</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,758,109</b>	<b>\$ 139,967,597</b>	<b>\$ 156,725,706</b>

# Overture Center Foundation, Inc.

## Consolidating Schedule of Activities

Year ended June 30, 2019	Without Donor Restrictions			With Donor Restrictions		Consolidated Total
	Overture Center Foundation	Overture Development Corporation	Total	Overture Center Foundation		
<b>Operations</b>						
<b>Operating Revenue</b>						
Ticket sales and fees	\$ 10,579,662	\$ -	\$ 10,579,662	\$ -	\$ 10,579,662	
Facility rentals and services	2,228,915	-	2,228,915	-	2,228,915	
Investment income, net	66,687	-	66,687	-	66,687	
Other revenue	977,491	-	977,491	-	977,491	
Special events	386,913	-	386,913	-	386,913	
<b>Total Operating Revenue</b>	<b>14,239,668</b>	<b>-</b>	<b>14,239,668</b>	<b>-</b>	<b>14,239,668</b>	
<b>Operating Expenses</b>						
Production	8,827,064	-	8,827,064	-	8,827,064	
Programming, performance operations, and events	2,133,596	-	2,133,596	-	2,133,596	
Ticketing, marketing, and sales	1,952,998	-	1,952,998	-	1,952,998	
Facilities	2,378,627	-	2,378,627	-	2,378,627	
Management and general	2,008,872	-	2,008,872	-	2,008,872	
<b>Total Operating Expenses</b>	<b>17,301,157</b>	<b>-</b>	<b>17,301,157</b>	<b>-</b>	<b>17,301,157</b>	
<b>Deficit From Operations</b>	<b>(3,061,489)</b>	<b>-</b>	<b>(3,061,489)</b>	<b>-</b>	<b>(3,061,489)</b>	
<b>Fundraising</b>						
Contributions	837,755	-	837,755	746,183	1,583,938	
Grants and sponsorships	280,973	-	280,973	468,124	749,097	
Fundraising expense	(704,373)	-	(704,373)	-	(704,373)	
Net assets released from restrictions	1,439,921	-	1,439,921	(1,439,921)	-	
<b>Surplus (Deficit) From Fundraising</b>	<b>1,854,276</b>	<b>-</b>	<b>1,854,276</b>	<b>(225,614)</b>	<b>1,628,662</b>	
<b>Other Income and Expenses</b>						
Change in value of beneficial interest in assets held by Madison Community Foundation	-	-	-	98,991	98,991	
Investment income, net	-	-	-	58,098	58,098	
City of Madison support grant	1,950,000	-	1,950,000	-	1,950,000	
Depreciation expense	(533,452)	(3,231,785)	(3,765,237)	-	(3,765,237)	
Interest expense	(32,551)	-	(32,551)	-	(32,551)	
<b>Total Other Income and Expenses</b>	<b>1,383,997</b>	<b>(3,231,785)</b>	<b>(1,847,788)</b>	<b>157,089</b>	<b>(1,690,699)</b>	
<b>Change in Net Assets</b>	<b>176,784</b>	<b>(3,231,785)</b>	<b>(3,055,001)</b>	<b>(68,525)</b>	<b>(3,123,526)</b>	
<b>Net Assets - beginning of year</b>	<b>3,912,370</b>	<b>139,967,597</b>	<b>143,879,967</b>	<b>4,198,376</b>	<b>148,078,343</b>	
<b>Net Assets - end of year</b>	<b>\$ 4,089,154</b>	<b>\$ 136,735,812</b>	<b>\$ 140,824,966</b>	<b>\$ 4,129,851</b>	<b>\$ 144,954,817</b>	

# Overture Center Foundation, Inc.

## Consolidating Schedule of Activities

Year ended June 30, 2018	Without Donor Restrictions			With Donor Restrictions	
	Overture Center Foundation	Overture Development Corporation	Total	Overture Center Foundation	Consolidated Total
<b>Operations</b>					
<b>Operating Revenue</b>					
Ticket sales and fees	\$ 9,675,465	\$ -	\$ 9,675,465	\$ -	\$ 9,675,465
Facility rentals and services	2,149,147	-	2,149,147	-	2,149,147
Investment return	11,819	-	11,819	-	11,819
Other revenue	922,974	-	922,974	-	922,974
Special events	305,991	-	305,991	-	305,991
<b>Total Operating Revenue</b>	<b>13,065,396</b>	<b>-</b>	<b>13,065,396</b>	<b>-</b>	<b>13,065,396</b>
<b>Operating Expenses</b>					
Production	8,217,979	-	8,217,979	-	8,217,979
Programming, performance operations, and events	1,964,234	-	1,964,234	-	1,964,234
Ticketing, marketing, and sales	1,785,381	-	1,785,381	-	1,785,381
Facilities	2,220,451	-	2,220,451	-	2,220,451
Management and general	2,019,700	-	2,019,700	-	2,019,700
<b>Total Operating Expenses</b>	<b>16,207,745</b>	<b>-</b>	<b>16,207,745</b>	<b>-</b>	<b>16,207,745</b>
<b>Deficit From Operations</b>	<b>(3,142,349)</b>	<b>-</b>	<b>(3,142,349)</b>	<b>-</b>	<b>(3,142,349)</b>
<b>Fundraising</b>					
Contributions	926,536	-	926,536	1,786,296	2,712,832
Grants and sponsorships	250,250	-	250,250	501,681	751,931
Fundraising expense	(810,874)	-	(810,874)	-	(810,874)
Net assets released from restrictions	1,680,561	-	1,680,561	(1,680,561)	-
<b>Surplus From Fundraising</b>	<b>2,046,473</b>	<b>-</b>	<b>2,046,473</b>	<b>607,416</b>	<b>2,653,889</b>
<b>Other Income and Expenses</b>					
Change in value of beneficial interest in assets held by Madison Community Foundation	-	-	-	120,144	120,144
City of Madison support grant	1,900,000	-	1,900,000	-	1,900,000
Depreciation expense	(485,093)	(3,231,785)	(3,716,878)	-	(3,716,878)
Interest expense	(36,206)	-	(36,206)	-	(36,206)
<b>Total Other Income and Expenses</b>	<b>1,378,701</b>	<b>(3,231,785)</b>	<b>(1,853,084)</b>	<b>120,144</b>	<b>(1,732,940)</b>
<b>Change in Net Assets</b>	<b>282,825</b>	<b>(3,231,785)</b>	<b>(2,948,960)</b>	<b>727,560</b>	<b>(2,221,400)</b>
<b>Net Assets - beginning of year</b>	<b>3,629,545</b>	<b>143,199,382</b>	<b>146,828,927</b>	<b>3,470,816</b>	<b>150,299,743</b>
<b>Net Assets - end of year</b>	<b>\$ 3,912,370</b>	<b>\$ 139,967,597</b>	<b>\$ 143,879,967</b>	<b>\$ 4,198,376</b>	<b>\$ 148,078,343</b>