

# League of Historic American Theatres, Inc.

Financial Statements  
Year Ended December 31, 2019



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# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**Board of Directors**  
**League of Historic American Theatres, Inc.**

We have reviewed the accompanying financial statements of the League of Historic American Theatres, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Summarized Comparative Information***

We previously reviewed the League of Historic American Theatres, Inc.'s 2018 financial statements and in our conclusion dated July 3, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with U.S. generally accepted accounting principles. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

***Supplementary Information***

The supplementary information included on page 11 is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*BBO, LLP.*

**Philadelphia, Pennsylvania  
July 10, 2020**

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## STATEMENT OF FINANCIAL POSITION

December 31, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 419,634	\$ 345,893
Accounts receivable	16,065	2,303
Prepaid expenses and other assets	<u>2,958</u>	<u>3,737</u>
<b>Total assets</b>	<u>\$ 438,657</u>	<u>\$ 351,933</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 114	\$ 2,053
Deferred revenue	<u>126,589</u>	<u>103,051</u>
<b>Total liabilities</b>	<u>126,703</u>	<u>105,104</u>
<b>NET ASSETS</b>		
Without donor restrictions	310,494	244,384
With donor restrictions	<u>1,460</u>	<u>2,445</u>
<b>Total net assets</b>	<u>311,954</u>	<u>246,829</u>
<b>Total liabilities and net assets</b>	<u>\$ 438,657</u>	<u>\$ 351,933</u>

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See accompanying notes

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## STATEMENT OF ACTIVITIES

Year ended December 31, 2019 with comparative totals for 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
<b>REVENUE AND SUPPORT</b>				
Membership dues	\$ 207,280	\$ -	\$ 207,280	\$ 193,803
Conferences and workshops	394,500	-	394,500	359,531
Contributions	15,665	545	16,210	41,757
Interest income	827	-	827	1,766
Other income	22,950	-	22,950	21,100
Net assets released from restrictions	<u>1,530</u>	<u>(1,530)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u>642,752</u>	<u>(985)</u>	<u>641,767</u>	<u>617,957</u>
<b>EXPENSES</b>				
Program services	503,691	-	503,691	537,464
Supporting services				
General and administrative	54,358	-	54,358	49,617
Fundraising	<u>18,593</u>	<u>-</u>	<u>18,593</u>	<u>20,685</u>
<b>Total expenses</b>	<u>576,642</u>	<u>-</u>	<u>576,642</u>	<u>607,766</u>
<b>CHANGE IN NET ASSETS</b>	66,110	(985)	65,125	10,191
<b>NET ASSETS</b>				
Beginning of year	<u>244,384</u>	<u>2,445</u>	<u>246,829</u>	<u>236,638</u>
<b>End of year</b>	<u>\$ 310,494</u>	<u>\$ 1,460</u>	<u>\$ 311,954</u>	<u>\$ 246,829</u>

See accompanying notes

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019 with comparative totals for 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2019</u>	<u>2018</u>
Salaries and benefits	\$ 266,888	\$ 22,876	\$ 15,249	\$ 305,013	\$ 319,239
Awards	1,530	-	-	1,530	1,050
Bank and credit card fees	8,696	1,272	-	9,968	9,017
Board and committee expenses	-	15,938	-	15,938	8,401
Hotel, food and beverage	104,705	-	-	104,705	104,986
Insurance	2,745	410	-	3,155	3,060
Management fees	40,632	6,071	-	46,703	46,296
Postage	2,707	112	74	2,893	4,366
Printing, copies and design	13,057	1,119	747	14,923	13,764
Professional fees	10,585	907	605	12,097	15,368
Supplies	2,995	257	172	3,424	8,068
Telecommunications	3,186	273	182	3,641	4,730
Travel	20,610	1,767	1,178	23,555	13,488
Website	18,582	2,776	-	21,358	11,934
Miscellaneous	6,773	580	386	7,739	43,999
<b>Total expenses</b>	<u>\$ 503,691</u>	<u>\$ 54,358</u>	<u>\$ 18,593</u>	<u>\$ 576,642</u>	<u>\$ 607,766</u>

See accompanying notes

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## STATEMENT OF CASH FLOWS

Year ended December 31, 2019 with comparative totals for 2019

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 65,125	\$ 10,191
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
(Increase) decrease in		
Accounts receivable	(13,762)	5,522
Prepaid expenses and other assets	779	9,826
Increase (decrease) in		
Accounts payable and accrued expenses	(1,939)	1,979
Deferred revenue	<u>23,538</u>	<u>15,817</u>
<b>Net cash provided by operating activities</b>	<u>73,741</u>	<u>43,335</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of certificates of deposit	<u>-</u>	<u>79,908</u>
<b>Net change in cash</b>	73,741	123,243
<b>CASH</b>		
Beginning of year	<u>345,893</u>	<u>222,650</u>
<b>End of year</b>	<u>\$ 419,634</u>	<u>\$ 345,893</u>

See accompanying notes

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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### (1) NATURE OF OPERATIONS

The League of Historic American Theatres, Inc. ("**LHAT**"), a nonprofit organization, is a professional network dedicated to sustaining America's historic theatres for the benefit of their communities and future generations by promoting the rescue, rehabilitation and sustainable operation of historic theatres throughout North America. Founded in 1976, LHAT serves its members through educational programs, publications, specialized services, regional conferences, annual conference and theatre tours.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

#### **Basis of Presentation**

LHAT reports information regarding its financial position and activities according to the following classes of net assets:

##### ***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions.

##### ***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of LHAT and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting LHAT to expend the income generated in accordance with the provisions of the contribution. LHAT had no net assets required to be maintained indefinitely at December 31, 2019.

#### **Accounting Estimates**

In preparing the financial statements in conformity with U.S. generally accepted accounting principles ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

#### **Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of LHAT. Unobservable inputs reflect LHAT's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that LHAT has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect LHAT's own assumptions.

### **Concentrations of Credit Risk**

Financial instruments which potentially subject LHAT to concentrations of credit risk are cash and accounts receivable. LHAT maintains cash deposits at a high-quality financial institution. At times, such deposits may exceed federally-insured limits. Accounts receivable are expected to be collected in 2020.

### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with the organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on outstanding balances.

### **Revenue**

Membership dues are invoiced based on fixed rate schedules at the beginning of the membership year, which creates a deferred revenue balance upon collection. Revenue from membership dues is recognized as revenue on a pro rata basis over the membership year as membership benefits are provided.

Conferences and workshops are based on published fixed rates and collected either at the time of registration, in advance of the conference or workshop resulting in a deferred revenue balance or at the time the conference or workshop takes place and immediately recognized as revenue.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Deferred revenue at December 31, 2019 is expected to be recognized as revenue in 2020.

### **Functional Allocation of Expenses**

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and management fees which are allocated to functional areas based on estimates of time and effort.

### **Income Taxes**

LHAT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to LHAT's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, LHAT qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. LHAT believes that it had no uncertain tax positions as defined in GAAP.

### **Accounting Pronouncements Adopted**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes 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 guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. LHAT adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

LHAT performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and gains over expenses and losses, or total net assets. LHAT's revenue recognition policies are detailed within Note 2.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. LHAT adopted ASU 2018-08 on January 1, 2019.

### **(3) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2019 and 2018 were restricted for scholarships.

### **(4) MANAGEMENT AGREEMENT**

LHAT receives various administrative services from an association management company pursuant to a management agreement that automatically renews for each 12 month period, unless either party provides not less than 60 days prior written notice of non-renewal. Management fees incurred by LHAT were \$46,703 and \$46,296 for the years ended December 31, 2019 and 2018, respectively.

### **(5) RETIREMENT PLAN**

LHAT participates in a 403(b) defined contribution plan that covers substantially all employees. Employees can contribute any percentage of their income up to the Internal Revenue Service limit for the year. LHAT contributes a 100% match to eligible employee's contributions to the plan up to 5% of the employee's salary. Contributions to the plan were \$8,474 for the year ended December 31, 2019 and \$8,366 for the year ended December 31, 2018.

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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### (6) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects LHAT's financial assets as of the statement of financial position date, which have been reduced by financial assets not available within one year.

Cash	\$419,634
Accounts receivable	<u>16,065</u>
Total financial assets	435,699
Less: financial assets not available for general expenditures within one year	
Restricted by donor for specific purposes	<u>(1,460)</u>
Total financial assets available within one year	<u>\$434,239</u>

#### Liquidity Management

As part of LHAT's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds and certificates of deposit.

### (7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2020, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on the LHAT's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. No other material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

# LEAGUE OF HISTORIC AMERICAN THEATRES, INC.

## SCHEDULE OF DIRECT NATIONAL CONFERENCE REVENUE AND EXPENSES

Year ended December 31, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Advertising	\$ 5,865	\$ 5,245
Expo	15,564	10,814
Hotel Commissions	1,000	-
Raffle	1,488	1,500
Ramble	10,290	11,550
Registration - guests	2,940	3,425
Registration - members	113,812	93,910
Silent auction	4,238	3,737
Special events	4,038	2,215
Sponsorships	<u>229,700</u>	<u>208,450</u>
<b>Total revenue</b>	<u>388,935</u>	<u>340,846</u>
 <b>EXPENSES</b>		
Awards	1,400	1,050
Hotel, food and beverage	103,168	95,363
Postage	53	990
Printing, copies and design	7,674	7,585
Professional fees	4,576	5,513
Supplies	1,669	5,165
Travel	16,916	6,123
Miscellaneous	<u>6,723</u>	<u>3,418</u>
<b>Total expenses</b>	<u>142,179</u>	<u>125,207</u>
 <b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 246,756</u>	<u>\$ 215,639</u>