

Mann Center for the Performing Arts

Financial Statements

February 28, 2025 and February 29, 2024

Mann Center for the Performing Arts

February 28, 2025 and February 29, 2024

Contents

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Statements of Financial Position	1
Statements of Activities	2
Statement of Functional Expenses 2025	3
Statement of Functional Expenses 2024	4
Statements of Cash Flows	5
Notes to Financial Statements	6-17

Independent Auditors' Report

The Board of Directors
Mann Center for the Performing Arts
Philadelphia, Pennsylvania

Opinion

We have audited the financial statements of the Mann Center for the Performing Arts, which comprise the statements of financial position as of February 28, 2025 and February 29, 2024, and 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 Mann Center for the Performing Arts as of February 28, 2025 and February 29, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mann Center for the Performing Arts 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.

Responsibility 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 Mann Center for the Performing Arts' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 Mann Center for the Performing Arts' 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 Mann Center for the Performing Arts' 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.

Horsham, Pennsylvania

July 9, 2025

Mann Center for the Performing Arts

Statements of Financial Position

February 28, 2025 and February 29, 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,086,341	\$ 15,464,081
Contributions receivable, net	4,950,962	907,684
Endowment receivable	83,333	-
Employee Retention Tax Credit receivable	-	1,219,241
Investments	14,416,546	13,723,924
Prepaid expenses and other assets	284,521	239,400
Total current assets	42,821,703	31,554,330
Long-term contributions receivable, net	2,507,636	439,422
Long-term endowment receivable, net	83,367	-
Planned giving receivable	1,096,055	991,182
Investments	5,994,453	5,450,457
Right-of-use asset on operating lease	725,913	824,665
Property and equipment, net	23,083,801	20,561,501
	<u>\$ 76,312,928</u>	<u>\$ 59,821,557</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,106,913	\$ 1,179,399
Deferred revenue	9,963,664	8,168,995
Operating lease liability, current portion	91,412	86,349
Total current liabilities	11,161,989	9,434,743
Deferred revenue, long-term	1,129,546	1,377,147
Operating lease liability, net of current portion	665,136	753,873
Total liabilities	<u>12,956,671</u>	<u>11,565,763</u>
Net assets:		
Without donor restrictions:		
Undesignated	43,024,209	37,725,536
Designated by the Board for operating reserve	3,252,673	2,935,121
	<u>46,276,882</u>	<u>40,660,657</u>
With donor restrictions	17,079,375	7,595,137
Total net assets	<u>63,356,257</u>	<u>48,255,794</u>
	<u>\$ 76,312,928</u>	<u>\$ 59,821,557</u>

See accompanying notes to financial statements.

Mann Center for the Performing Arts

Statements of Activities
Years Ended February 28, 2025 and February 29, 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Contributions	\$ 2,127,643	\$ 14,491,280	\$ 16,618,923	\$ 2,236,205	\$ 4,061,373	\$ 6,297,578
Corporate sponsorships	1,764,182	-	1,764,182	1,650,163	-	1,650,163
In-kind contributions	84,789	-	84,789	105,830	-	105,830
Special events	348,041	-	348,041	338,761	-	338,761
Ticket sales	22,579,517	-	22,579,517	27,119,993	-	27,119,993
Program revenue	11,207,354	-	11,207,354	9,976,172	-	9,976,172
Miscellaneous	168,086	-	168,086	930,585	-	930,585
Net investment return	2,057,549	271,182	2,328,731	1,648,630	317,140	1,965,770
Net assets released from restrictions	5,278,224	(5,278,224)	-	5,171,802	(5,171,802)	-
Total support and revenues	45,615,385	9,484,238	55,099,623	49,178,141	(793,289)	48,384,852
Expenses:						
Concerts and rentals	30,962,567	-	30,962,567	33,156,297	-	33,156,297
Fixed theater	3,100,341	-	3,100,341	3,342,009	-	3,342,009
Education and community engagement	1,358,802	-	1,358,802	1,660,520	-	1,660,520
Fundraising	2,110,407	-	2,110,407	1,998,130	-	1,998,130
Administration	2,467,043	-	2,467,043	2,299,331	-	2,299,331
Total expenses	39,999,160	-	39,999,160	42,456,287	-	42,456,287
Change in net assets	5,616,225	9,484,238	15,100,463	6,721,854	(793,289)	5,928,565
Net assets, beginning of year	40,660,657	7,595,137	48,255,794	33,938,803	8,388,426	42,327,229
Net assets, end of year	\$ 46,276,882	\$ 17,079,375	\$ 63,356,257	\$ 40,660,657	\$ 7,595,137	\$ 48,255,794

See accompanying notes to financial statements.

Mann Center for the Performing Arts

Statement of Functional Expenses Year Ended February 28, 2025

	Program Services					
	Concerts and Rentals	Fixed Theater	Education and Community Engagement	Fundraising	Administration	Total
Salaries and benefits	\$ 4,526,484	\$ 1,331,307	\$ 819,350	\$ 1,364,579	\$ 1,334,163	\$ 9,375,883
Artist fees	10,871,904	-	156,819	2,500	-	11,031,223
Production expenses	13,468,717	106,142	156,180	7,872	-	13,738,911
Professional services	244,045	66,806	131,791	170,085	570,383	1,183,110
Administrative	153,469	14,030	41,101	159,856	270,853	639,309
Building and maintenance	16,942	912,933	-	19,276	-	949,151
Rent and utilities	-	240,738	-	-	180,094	420,832
Insurance	473,793	311,389	-	-	18,259	803,441
Special events	-	-	-	270,611	-	270,611
Printing and postage	38,894	10	2,289	35,996	3,308	80,497
Depreciation	1,168,319	116,986	51,272	79,632	89,983	1,506,192
	<u>\$ 30,962,567</u>	<u>\$ 3,100,341</u>	<u>\$ 1,358,802</u>	<u>\$ 2,110,407</u>	<u>\$ 2,467,043</u>	<u>\$ 39,999,160</u>

See accompanying notes to financial statements.

Mann Center for the Performing Arts

Statement of Functional Expenses

Year Ended February 29, 2024

	Program Services					
	Concert and Rentals	Fixed Theater	Education and Community Engagement	Fundraising	Administration	Total
Salaries and benefits	\$ 4,516,612	\$ 1,283,361	\$ 744,225	\$ 1,240,693	\$ 1,233,651	\$ 9,018,542
Artist fees	15,799,475	-	368,444	2,349	-	16,170,268
Production expenses	10,842,204	213,737	323,729	1,699	-	11,381,369
Professional services	278,567	16,048	115,707	180,947	545,989	1,137,258
Administrative	87,156	(2,355)	47,723	161,579	271,042	565,145
Building and maintenance	31,992	1,076,144	-	6,662	-	1,114,798
Rent and utilities	-	260,801	-	-	157,675	418,476
Insurance	507,023	387,992	-	-	16,382	911,397
Special events	-	-	-	261,854	-	261,854
Printing and postage	42,774	396	8,082	79,040	2,070	132,362
Depreciation	1,050,494	105,885	52,610	63,307	72,522	1,344,818
	<u>\$ 33,156,297</u>	<u>\$ 3,342,009</u>	<u>\$ 1,660,520</u>	<u>\$ 1,998,130</u>	<u>\$ 2,299,331</u>	<u>\$ 42,456,287</u>

See accompanying notes to financial statements.

Mann Center for the Performing Arts

Statements of Cash Flows

Years Ended February 28, 2025 and February 29, 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 15,100,463	\$ 5,928,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,506,192	1,344,818
Change in discount on receivables	1,262	546,900
Net unrealized and realized gain on investments	(727,406)	(981,310)
Amortization of right-of-use asset	98,752	95,328
(Increase) decrease in operating assets:		
Contributions receivable	(6,217,627)	(109,266)
Planned giving receivable	-	(1,500,000)
Prepaid expenses and other assets	(45,121)	(32,792)
Employee retention tax credit receivable	1,219,241	157,078
Endowment receivable	(166,700)	10,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(72,486)	19,619
Operating lease liability	(83,674)	(79,771)
Deferred revenue and other long-term liabilities	1,547,068	(167,180)
Net cash provided by operating activities	12,159,964	5,231,989
Cash flows from investing activities:		
Purchase of investments	(1,066,879)	(7,738,252)
Sale of investments	557,666	4,630,933
Purchase of property and equipment	(4,028,491)	(3,256,170)
Net cash used in investing activities	(4,537,704)	(6,363,489)
Net increase (decrease) in cash and cash equivalents	7,622,260	(1,131,500)
Cash and cash equivalents, beginning of year	15,464,081	16,595,581
Cash and cash equivalents, end of year	\$ 23,086,341	\$ 15,464,081
Supplemental disclosure of cash flow information:		
Operating lease liability recognized for corresponding right-of-use asset	\$ -	\$ 919,993

See accompanying notes to financial statements.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(1) Nature of Organization

The Mann Center for the Performing Arts (the Mann) is a Pennsylvania based not-for-profit corporation which operates an open-air facility located in Fairmount Park owned by the City of Philadelphia (the City). The Mann is the Philadelphia region's only outdoor performing arts venue dedicated to bringing diverse, high quality performing arts and educational programs to the residents of the City and the surrounding tri-state area. Its program activities include performances by leading orchestras, and dance, opera, and theater companies, as well as an assortment of contemporary, jazz, gospel, rock and pop performers.

The Mann is supported through grants and contributions from state and local governments, corporations, foundations and individuals. The Mann's programming philosophy focuses on diversity and inclusion, presenting cultural programs, innovative festivals, and staging community events that appeal to a wide variety of public interests. Its Education and Community Engagement Department takes pride in its programs that are held on the Mann's stages, in school district, charter and parochial schools, at its Field Education Center, and in the community, admitted free of charge to the public. The Mann works in partnership with Philadelphia schools, acclaimed local and national artists, educators, nonprofit organizations, and arts institutions to provide young people access and opportunity to quality arts learning and experiences. The Mann strives to connect communities through arts programming and partnerships creating a collective impact for the local neighborhoods.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The Mann prepares its financial statements in accordance with the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. The significant accounting and reporting policies used by the Mann are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

(2) Summary of Significant Accounting Policies, Continued

Net Assets, Continued

The Mann reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Cash Equivalents

The Mann considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Promises to give are recorded at fair value, which is estimated as net realizable value if expected to be collected in one year, and discounted future cash flows if expected to be collected in more than one year.

The Mann continually monitors grants and contributions receivable for collectability issues. An allowance for doubtful accounts is provided based upon management's judgment, including such factors as prior collection history and type of receivable. Accounts deemed uncollectible are charged to the allowance for doubtful accounts.

Investments

Investments are recorded at fair value in the statements of financial position. Net investment return is reported in the statements of activities and comprises interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the date of donation. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Furniture and equipment	3-10 years
Leasehold improvements	Lesser of estimated useful life or lease term

Deferred Revenue

Deferred revenue includes advance ticket sales for subsequent season performances, prepaid sponsorships for special events, and an advance from a ticket broker which will be recognized as revenue in future periods as the performances, special events and ticket sale benchmarks occur. Deferred revenue as of February 28, 2023 was \$9,696,932.

(2) Summary of Significant Accounting Policies, Continued

Leases

The Mann accounts for its lease arrangements in accordance with FASB ASC 842, *Leases*.

The Mann determines if an arrangement includes a lease at inception of the contract based on various facts and circumstances present. At the lease commencement date, the Mann records operating lease liabilities and their corresponding right-of-use (ROU) assets based on the present value of minimum lease payments over the lease term. The lease term represents the non-cancellable period of the lease and may include options to extend or early terminate the lease, which are included in the lease term when the Mann determines they are reasonably certain to exercise and there is a significant economic incentive to exercise the options. As the interest rate implicit in the Mann's lease contracts is not readily determinable, the Mann uses a risk-free rate to discount the lease liabilities. The risk-free rate is the treasury rate over a similar term as the lease. The Mann does not recognize leases with terms of one year or less on the accompanying statements of financial position.

The Mann acts as a lessee under an operating lease. The Mann combines lease and non-lease components as a single component. Operating lease cost is recognized over the expected lease term on a straight-line basis and is recorded in rent and utilities in the accompanying statements of functional expenses. The Mann's lease arrangements do not contain residual value guarantees.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Mann expects to be entitled to receive in exchange for those goods and services. The Mann applies the five-step revenue model under FASB ASC 606, *Revenue from Contracts with Customers*, to determine when revenue is earned and recognized.

Exchange Revenues

Ticket and program revenue are recognized when performance obligations are satisfied. Corporate sponsorships are recognized over the term of the related season of sponsorship. Program revenue consists primarily of concession revenue, parking revenue, facility rental fees and other auxiliary items. The performance obligations are fulfilled, and revenue is recognized, when admission is delivered to the customer, goods are transferred to the customer, or space use occurs in the case of facility rentals.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

(2) Summary of Significant Accounting Policies, Continued

In-Kind Contributions

Contributed goods, which would have otherwise been purchased, are recorded at fair value. Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Mann. Contributed services are reflected in the statement of activities at their estimated fair value at the date provided.

Throughout the year, many individuals volunteer their time and perform a variety of tasks that assist the Mann with events and programs. The value of this contributed time is not reflected in these financial statements because the criteria for recognition has not been satisfied.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Mann meets the requirements of Section 509(a)(1) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(c)(3). The Mann is required to annually file a *Return of Organization Exempt from Income Tax* (Form 990) with the Internal Revenue Service (IRS). With few exceptions, the Mann is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2021. The Mann believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions.

Advertising Costs

The Mann expenses advertising costs as incurred. Advertising expense was \$1,275,875 and \$1,319,686 for the years ended February 28, 2025 and February 29, 2024, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses attributable to a specific functional area are reported as direct expense to those functional areas. The expenses that are allocated include administrative salaries and benefits and depreciation. Administrative salaries are allocated on the basis of estimates of time and effort, while depreciation is allocated to each function based on each function's proportionate share of total expenses.

Reclassification

Certain items in the accompanying 2024 financial statements have been reclassified to conform with the current year presentation.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(2) Summary of Significant Accounting Policies, Continued

Subsequent Events

The Mann has performed an evaluation of subsequent events through July 9, 2025, which is the date the financial statements were available to be issued.

(3) Liquidity and Availability

The following reflects the Mann's financial assets available for general expenditures, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2025	2024
Cash and cash equivalents	\$ 23,086,341	\$ 15,464,081
Contributions receivable	4,950,962	907,684
Investments	14,416,546	19,174,381
	<u>42,453,849</u>	<u>35,546,146</u>
Contractual or donor imposed restrictions:		
Construction capital	(8,481,694)	(2,712,095)
Program specific	<u>(832,000)</u>	<u>(619,500)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 33,140,155</u>	<u>\$ 32,214,551</u>

In addition to the financial assets available to meet general expenditures over the next 12 months, the Mann operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted revenue. As part of its liquidity management, the Mann has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Mann invests cash in excess of daily requirements in various short-term investments, including bank deposits and money market accounts, until it is required for operational use. In the event of an unanticipated liquidity need, the Mann could also draw upon its \$1,500,000 available line of credit (as further discussed in Note 10).

(4) Concentrations of Credit Risk

Financial instruments that potentially subject the Mann to concentrations of credit risk consist principally of cash and cash equivalents, investments, and contributions receivable. The Mann places its cash with financial institutions and, at times, such cash balances may exceed the FDIC insurance limits. The Mann has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents. Investments are managed by a third-party administrator whose investment strategy shall be diversified in a way that is consistent with the risk tolerance and investment objectives of the Mann's investment policies and guidelines.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(4) Concentrations of Credit Risk, Continued

For the year ended February 28, 2025, three donors accounted for approximately 57% of total contributions. Two donors represent approximately 69% of contributions receivable as of February 28, 2025. Two donors represent 100% of planned giving receivable as of February 28, 2025.

(5) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

For the year ended February 28, 2025, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The tables below present the balances of assets measured at fair value:

Assets at Fair Value as of February 28, 2025				
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 15,638,732	\$ 15,638,732	\$ -	\$ -
Equity	4,462,583	4,462,583	-	-
Cash and cash equivalents	309,684	309,684	-	-
Total investments at fair value	\$ 20,410,999	\$ 20,410,999	\$ -	\$ -

Assets at Fair Value as of February 29, 2024				
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income	\$ 13,360,014	\$ 13,360,014	\$ -	\$ -
Equity	4,050,976	4,050,976	-	-
Cash and cash equivalents	1,763,390	1,763,390	-	-
Total investments at fair value	\$ 19,174,381	\$ 19,174,381	\$ -	\$ -

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(6) Contributions and Endowment Receivable

Contributions and endowment receivable consist of the following as of February 28, 2025 and February 29, 2024:

	2025	2024
Receivables in less than one year	\$ 5,068,000	\$ 919,194
Receivables in one to five years	2,726,050	468,334
	7,794,050	1,387,528
Discounts to present value	(135,047)	(28,912)
Allowance for doubtful accounts	(33,705)	(11,510)
	<u>\$ 7,625,298</u>	<u>\$ 1,347,106</u>

Discounting contributions is the process of determining the present value of an amount of cash to be received at some future date. As of February 28, 2025, the Mann used a discount rate of 4.08%, to calculate the present value of promises to give due to be collected beyond one year.

(7) Planned Giving

The Mann is the recipient of two planned irrevocable contributions by donors. The value of these assets are included in planned giving receivables in the statements of financial position.

Contribution revenues are recognized at the dates the planned gifts are pledged at the estimated fair value based upon life expectancy of the donors. The receivables for the planned gifts are adjusted for accretion of the discount and changes of life expectancy. The receivable for the present value of deferred gifts is based upon actuarial estimates and assumptions regarding the duration of the arrangements and the assumed discount rate (between 4.25 and 4.55 percent as of February 28, 2025).

(8) Employee Retention Tax Credit

During the year ended February 28, 2022, the Mann applied for the Employee Retention Tax Credit (ERTC), which is a provision of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted March 27, 2020. The ERTC under the CARES Act was later amended and extended under the Taxpayer Certainty and Disaster Relief Act of 2020 (Relief Act), enacted December 27, 2020. The ERTC is a refundable tax credit against employer taxes equal to a percentage of the qualified wages an eligible employer pays to employees. The Mann recognized an ERTC in the amount of \$1,376,319 in the statement of activities for the year ended February 28, 2022. The ERTC is considered a conditional contribution in accordance with ASC 958-605-25, and consequently, revenue was recognized when the conditions on which it depended were substantially met. During the year ended February 28, 2025, all ERTC funds were collected.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(9) Property and Equipment

Property and equipment consist of the following at February 28, 2025 and February 29, 2024:

	2025	2024
Leasehold improvements	\$ 39,488,622	\$ 34,467,537
Furniture and equipment	1,567,548	1,183,972
	41,056,170	35,651,509
Accumulated depreciation	(19,087,863)	(17,581,671)
	21,968,307	18,069,838
Construction-in-progress	1,115,494	2,491,663
	\$ 23,083,801	\$ 20,561,501

Leasehold Improvements – City of Philadelphia

Under the terms of the Sublease Agreement with the City (see Note 15), the Mann has a Master Plan for the leased premises of the entertainment campus located in Fairmount Park including the rehabilitation, upgrade, and improvement of the amphitheater, box office, concession facilities and other portions of the leased premises. The Master Plan is designed to be implemented in phases to prioritize the response to needs and requests of patrons and benefactors of the Mann, to minimize interference with operations and events at the Mann, and to be sensitive and flexible to the Mann's fundraising goals and efforts. The Sublease Agreement requires the Mann to pay for the improvements.

(10) Line of Credit

The Mann has available a \$1,500,000 revolving line of credit. Interest on outstanding borrowings accrues at the rate of U.S. prime rate less 0.83% (6.67% at February 28, 2025). The line of credit is collateralized by the assets of the Mann. The line of credit expires on August 31, 2025.

(11) Leases

The Mann leases its administrative office under an operating lease which expires in June 2031. Operating lease cost for the years ended February 28, 2025 and February 29, 2024 were \$139,852 and \$120,136, respectively.

Other balance sheet information related to the operating lease is as follows:

	February 28, 2025	February 29, 2024
Weighted-average remaining lease term	6.26 years	7.26 years
Weighted-average discount rate	4.17%	4.17%

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(11) Leases, Continued

Future minimum annual rental payments under the noncancellable operating lease as of February 28, 2025, were as follows:

Year Ending February 28,	Amount
2026	\$ 118,374
2027	121,926
2028	137,135
2029	141,254
2030	169,275
Thereafter	176,532
Total future minimum lease payments	864,496
Amounts representing interest	(107,948)
Total lease liability	756,548
Current portion	(91,412)
Non-current portion	\$ 665,136

(12) Endowments

The Mann accounts for its endowment in accordance with FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds*, now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of the UPMIFA, but the Mann is required by FASB ASC 958-205 to disclose certain matters associated with its endowment funds. The use of income on the endowment fund is subject to donor-imposed restrictions.

Strategies Employed for Achieving Objectives

The objective of the investment program is to provide for the long-term growth and viability of the fund. To satisfy its long-term rate of return objectives, the Mann 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 Mann targets a diversified asset allocation that maximizes its long-term return objectives within prudent risk constraints. The long-term objective is to cover inflation, investment management costs, and programmatic spending while preserving equity.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(12) Endowments, Continued

Spending Policy

The Mann's spending rate will be calculated and set for budgeting purposes by the Endowment Subcommittee as of December 31 of each year for the fiscal year that begins the following March 1, at an amount not to exceed 5% of the average market value of the fund during the prior three years.

The Mann's endowment is for education, landscape art, and classical music and for the benefit of educational programming which supports the legacy and mission of the Mann to reach out and provide opportunities for young people to experience the performing arts.

The following tables summarize the changes in endowment net assets for the years ended February 28, 2025 and February 29, 2024:

	2025	2024
	With Donor Restrictions	With Donor Restrictions
Beginning of the year	\$ 3,119,726	\$ 2,340,949
Contributions	319,256	778,777
End of the year	<u>\$ 3,438,982</u>	<u>\$ 3,119,726</u>

(13) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at February 28, 2025 and February 29, 2024:

	2025	2024
Subject to expenditure for specified purpose:		
Construction	\$ 10,106,692	\$ 2,712,095
Program	1,132,000	619,500
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	2,401,701	1,143,816
	<u>13,640,393</u>	<u>4,475,411</u>
Endowments:		
Subject to the Mann's endowment spending policy and appropriation:		
Educational programming	2,422,003	2,103,147
Landscape art and classical music	1,016,979	1,016,579
Total endowments	<u>3,438,982</u>	<u>3,119,726</u>
	<u>\$ 17,079,375</u>	<u>\$ 7,595,137</u>

Mann Center for the Performing Arts

Notes to Financial Statements
February 28, 2025 and February 29, 2024

(14) Revenue from Contracts with Customers

Revenue from contracts with customers due to transfer of goods or services for the years ended February 28, 2025 and February 29, 2024 were recognized as follows:

	2025	2024
Corporate sponsorships (over time)	\$ 1,764,182	\$ 1,650,163
Ticket sales and program revenue (point in time)	\$ 33,786,871	\$ 37,096,165

(15) Commitments and Contingencies

City of Philadelphia

In July 2011, the Mann entered into a Sublease Agreement with the City which encompasses the implementation of the Mann's Master Plan (See Note 9) and the management and operation of the entertainment campus located in Fairmount Park to present musical concerts, plays, dances, operas, and other cultural programs and entertainment. The Sublease Agreement expires in May 2041. The City provides the Mann's performance facility at a nominal charge. The fair value of this contribution cannot be reasonably determined.

(16) Retirement Plan

The Mann has a 401(k) retirement plan (the Plan) covering substantially all full-time employees not covered under a collective bargaining agreement. Eligible employees may elect to contribute up to 15% of their eligible compensation to the Plan, subject to applicable IRS limitations. The Mann may elect to contribute to each eligible employee a non-elective contribution in an amount equal to 3% of compensation. Employees are immediately 100% vested in their account balances. The Mann elected not to contribute to the Plan for the years ended February 28, 2025 and February 29, 2024.

(17) Union Matters

During the Mann's four to six month season, approximately 93% of the Mann's employees working at the theater were represented by unions. The Mann employs its theater employees under several collective bargaining agreements. Management does not believe any interruptions in union contracts would have a material adverse effect on its financial statements.

The Mann contributes to two multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. These agreements mandate wage rates, working hours, working conditions, and other related policies and procedures for covered employees. The risks of participating in these plans are different from single-employer plans in the following aspects: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; and (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Mann Center for the Performing Arts

Notes to Financial Statements

February 28, 2025 and February 29, 2024

(17) Union Matters, Continued

If The Mann chooses to stop participating in one of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The Mann's participation in these plans for the annual periods ended February 28, 2025 and February 29, 2024, are outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The zone status is based on information that the Mann received from the plan and it is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the yellow zone are less than 80 percent funded; and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreements to which the plans are subject.

Pension Fund	EIN/ Pension Plan Number	Certified Zone Status		FIP/RP Status Pending/Implemented	Contributions		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2025	2024		2025	2024		
I.A.S.T.E. National Pension Fund	13-1849172	Green - January 1, 2025	Green - January 1, 2024	Implemented	\$ 127,272	\$ 138,023	No	April 30, 2022
Teamsters Pension Trust Fund of Philadelphia and Vicinity	23-1511735	Green - January 1, 2025	Green - January 1, 2024	Implemented	\$ 93,176	\$ 95,123	No	March 31, 2028

Contributions to all other multi-employer funds for health and welfare, vacation, dues, and annuities were \$675,410 and \$727,092 for the years ended February 28, 2025 and February 29, 2024, respectively.