Avon Theatre Film Center, Inc.

Financial Statements

March 31, 2024 and 2023

Independent Auditors' Report

The Board of Directors
Avon Theatre Film Center, Inc.

Opinion

We have audited the accompanying financial statements of Avon Theatre Film Center, Inc. (a non-profit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Avon Theatre Film Center, Inc. as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Avon Theatre Film Center, Inc. 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.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, during the fiscal year-end March 31, 2024, Avon Theatre Film Center, Inc. adopted the Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, which resulted in the recognition of a right of use asset and related lease liability. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Avon Theatre Film Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

PKF O'Connor Davies, LLP

Stamford, Connecticut
October 8, 2024

Avon Theatre Film Center, Inc.

Statements of Financial Position

	March 31, 2024	March 31, 2023
ASSETS		
Cash and cash equivalents	$ 620,569	$ 325,125
Cash held for capital improvements	625,691	100,000
Contributions receivable, net	1,469,247	30,242
Prepaid expenses	33,695	24,392
Inventory	8,503	5,780
Other assets	4,300	-
Property and equipment, net	1,600,262	9,208
Right of use asset	42,105	-
	$ 4,404,372	$ 494,747
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 117,610	$ 98,529
Deferred revenue	58,370	48,123
Economic Injury Disaster Loan	199,000	199,000
Right of use liability	42,421	-
Total Liabilities	417,401	345,652
Net Assets		
Without donor restrictions	1,889,117	52,507
With donor restrictions	2,097,854	96,588
Total Net Assets	3,986,971	149,095
	$ 4,404,372	$ 494,747

See notes to financial statements

Avon Theatre Film Center, Inc.

Statements of Activities

	Year Ended March 31, 2024			Year Ended March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions - general	$ 245,999	$ 1,983,464	$ 2,229,463	$ 259,729	$ 36,088	$ 295,817
Contributions - foundations and grants	367,817	86,000	453,817	144,764	60,500	205,264
Membership dues	59,186	-	59,186	52,319	-	52,319
Special events, net of direct donor benefit expenses of $115,863 and $56,868	423,129	-	423,129	83,703	-	83,703
Ticket sales, net of promotional discounts of $202,725 and $36,975	440,496	-	440,496	287,143	-	287,143
Concession sales	183,552	-	183,552	119,296	-	119,296
Rental income	14,930	-	14,930	9,930	-	9,930
In-kind rental income	24,750	-	24,750	33,000	-	33,000
In-kind professional services	130,234	-	130,234	-	-	-
In-kind land, building, furniture and equipment	1,500,860	-	1,500,860	-	-	-
Net assets released from restrictions	68,198	(68,198)	-	2,890	(2,890)	-
Total Support and Revenue	3,459,151	2,001,266	5,460,417	992,774	93,698	1,086,472
EXPENSES						
Program services	1,013,094	-	1,013,094	845,038	-	845,038
Management and general	359,594	-	359,594	256,505	-	256,505
Fundraising and development	273,276	-	273,276	166,005	-	166,005
Total Expenses	1,645,964	-	1,645,964	1,267,548	-	1,267,548
NON OPERATING ACTIVITIES						
Interest and dividend income	23,423	-	23,423	6,264	-	6,264
Total Non Operating Activities	23,423	-	23,423	6,264	-	6,264
Change in Net Assets	1,836,610	2,001,266	3,837,876	(268,510)	93,698	(174,812)
NET ASSETS						
Beginning of year	52,507	96,588	149,095	321,017	2,890	323,907
End of year	$ 1,889,117	$ 2,097,854	$ 3,986,971	$ 52,507	$ 96,588	$ 149,095

See notes to financial statements

Avon Theatre Film Center, Inc.

Statement of Functional Expenses
Year Ended March 31, 2024

	Program Services	Supporting Services			
	Film, Education and Other	Management and General	Fundraising and Development	Direct Donor Benefit	Total Expenses
EXPENSES					
Salaries and related expenses	$ 394,209	$ 77,356	$ 174,273	$ -	$ 645,838
Professional services	16,227	201,872	48,671	-	266,770
Film related costs	245,611	-	-	-	245,611
Concession cost of goods	44,679	-	-	-	44,679
Event catering and hotel expense	-	-	-	51,508	51,508
Auction expenses	-	-	-	64,355	64,355
Marketing expense	17,521	-	-	-	17,521
Supplies	24,893	10,333	9,671	-	44,897
Grants and donations	8,500	-	-	-	8,500
Occupancy expenses	148,365	36,630	66	-	185,061
Meetings and travel expenses	4,510	3,504	3,368	-	11,382
Depreciation and amortization	23,776	6,003	62	-	29,841
Insurance	20,991	3,329	-	-	24,320
Bank fees and services	30,656	178	6,592	-	37,426
Advertising expense	2,439	-	12,542	-	14,981
Membership dues	38	1,009	75	-	1,122
Printing and postage	4,229	4,796	11,805	-	20,830
Equipment rental and maintenance	10,068	5,267	4,860	-	20,195
Interest expense	-	5,397	-	-	5,397
Miscellaneous	16,382	3,920	1,291	-	21,593
	1,013,094	359,594	273,276	115,863	1,761,827
Direct donor benefits	-	-	-	(115,863)	(115,863)
Total Expenses	$ 1,013,094	$ 359,594	$ 273,276	$ -	$ 1,645,964

See notes to financial statements

Avon Theatre Film Center, Inc.

Statement of Functional Expenses
Year Ended March 31, 2023

	Program Services	Supporting Services			
	Film, Education and Other	Management and General	Fundraising and Development	Direct Donor Benefit	Total Expenses
EXPENSES					
Salaries and related expenses	$ 387,896	$ 120,873	$ 127,816	$ -	$ 636,585
Professional services	22,125	80,695	4,000	-	106,820
Film related costs	154,529	-	-	-	154,529
Concession cost of goods	28,646	-	-	-	28,646
Event catering and hotel expense	-	-	-	24,600	24,600
Auction expenses	-	-	-	32,268	32,268
Marketing expense	6,823	-	-	-	6,823
Supplies	14,745	838	7,949	-	23,532
Grants and donations	8,548	750	-	-	9,298
Occupancy expenses	160,860	34,544	-	-	195,404
Meetings and travel expenses	274	1,836	301	-	2,411
Depreciation and amortization	6,808	-	-	-	6,808
Insurance	19,077	2,935	-	-	22,012
Bank fees and services	11,584	162	11,395	-	23,141
Advertising expense	1,476	-	7,432	-	8,908
Membership dues	750	850	-	-	1,600
Printing and postage	3,242	609	6,998	-	10,849
Equipment rental and maintenance	6,060	4,822	-	-	10,882
Interest expense	35	5,852	-	-	5,887
Miscellaneous	11,560	1,739	114	-	13,413
	845,038	256,505	166,005	56,868	1,324,416
Direct donor benefits	-	-	-	(56,868)	(56,868)
Total Expenses	$ 845,038	$ 256,505	$ 166,005	$ -	$ 1,267,548

See notes to financial statements

Avon Theatre Film Center, Inc.

Statements of Cash Flows

	Year Ended March 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,837,876	$ (174,812)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	29,841	6,808
Amortization of right-of-use asset	2,720	-
Capital campaign contributions	(625,691)	(100,000)
Capital campaign expenses	64,002	8,412
In-kind donations of land, property and equipment	(1,500,860)	-
Changes in operating assets and liabilities		
Contributions receivable	(1,439,005)	789
Employee Retention Credit receivable	-	122,352
Prepaid expenses	(9,303)	1,745
Inventory	(2,723)	(1,990)
Other assets	(4,300)	-
Accounts payable and accrued expenses	19,081	22,719
Deferred revenue	10,247	3,318
Lease liability	(2,404)	-
Net Cash from Operating Activities	379,481	(110,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(120,035)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions received	625,691	100,000
Capital campaign contributions expensed	(64,002)	(8,412)
Net Change in Cash and Cash Equivalents	821,135	(19,071)
CASH AND CASH EQUIVALENTS		
Beginning of year	425,125	444,196
End of year	$ 1,246,260	$ 425,125
SUPPLEMENTAL DISCLOSURE OF COMPONENTS CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	$ 620,569	$ 325,125
Cash held for capital improvements	625,691	100,000
	$ 1,246,260	$ 425,125
SUPPLEMENTAL CASH FLOW INFORMATION		
Disposal of fully depreciated property and equipment	$ 45,167	-

See notes to financial statements

1. The Organization and Tax Status

Avon Theatre Film Center, Inc. (the "Center") is a non-profit organization that was incorporated in Delaware on April 16, 2003. The Center promotes and fosters a public appreciation of the cinematic arts, including the exhibition of educational films and films of independent and/or emerging filmmakers.

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Center's net assets are classified as net assets with donor restrictions and net assets without donor restrictions.

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.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed 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. Contributions restricted by donors are reported as an increase 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 an increase 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.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain 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. Significant estimates include net realizable revenue, net present value of right-of-use asset and right-of-use liability, net present value discount of long-term pledge receivables, the allowance for doubtful contributions receivable, and depreciation and amortization expense. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash equivalents consist of short-term highly liquid investments, with maturities of three months or less at the time of purchase.

Allowance for Contributions Receivable

An allowance for uncollectible contributions receivable is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts. Management has concluded that an allowance is not required at March 31, 2024 and 2023.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through net income. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on April 1, 2023 did not have any material effect on the Center's financial statements for the year ended March 31, 2024.

Inventory

Inventory consists of concession products and supplies and is valued at lower of cost (first-in, first-out) or net realizable value.

Property, Equipment and Depreciation and Amortization

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Depreciation is provided using the straight-line method over estimated useful lives, which range from three to thirty-nine years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Software is also amortized over its useful life.

Contributions

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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.

2. Summary of Significant Accounting Policies (continued)

Contributed Goods, Services and Use of Donated Facilities

Donated theatre building and land, furniture and equipment for the new office space, and collection items are included in the financial statements as in-kind revenue in the statements of activities. Donated goods and services related to the Gala are included in the financial statements as special event donations along with the corresponding expenses. Donated legal services are included in the financial statements as in-kind revenue with the corresponding professional services expense in the accompanying statements of functions expenses. An in-kind contribution for a donated facility for administrative office space is reflected within revenue in the accompanying statements of activities along with the corresponding occupancy expense in the statements of functional expenses.

A substantial number of volunteers have contributed their time to the Center's program and supporting services. These services did not meet the criteria for recognition in the financial statements.

Revenue Recognition

The Center recognizes revenue in an amount that reflects the consideration that is expected to be received for goods or services when its performance obligations are satisfied by transferring control of those promised goods or services to its members and customers.

Revenue from membership dues and assessments is recognized in the month earned. Membership dues received in advance are included in deferred revenue and recognized as revenue ratably over the appropriate period.

Revenue from Center operations, ticket and concession sales, and other operating activities fees are generally recognized at a point in time which is at the time of sale, when services are rendered and collection is reasonably assured.

Operating Measure

The statements of activities separately report changes in net assets from operating and non-operating activities. Operating activities consist principally of revenues and expenses related to ongoing activities. Non-operating activities for the years ended March 31, 2024 and 2023 consisted of interest and dividend income on cash equivalents.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Occupancy expense is allocated based on each program’s share of the square footage of the Center. The remaining expenses that are allocated include salaries and related expenses, professional fees, supplies, meetings and travel, depreciation, insurance, printing and postage, and other administrative expenses which are allocated on the basis of employee time and effort spent on each functional area.

2. Summary of Significant Accounting Policies *(continued)*

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs for the years ended March 31, 2024 and 2023 were $14,981 and $8,908.

Accounting for Uncertainty in Income Taxes

The Center recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition or disclosure. The Center is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 8, 2024.

3. Liquidity and Availability

The following reflects the Center's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at March 31, are as follows:

	2024	2023
Cash and cash equivalents	$ 1,246,260	$ 425,125
Contributions receivable	1,469,247	30,242
Total Financial Assets	2,715,507	455,367
Less amounts unavailable for general expenditures within one year due to:		
Purpose restrictions by donors*	2,097,854	96,588
Total Financial Assets Available Within One Year	$ 617,653	$ 358,779

*For March 30, 2024, includes all but $14,230 of contributions receivable as the majority of contributions receivable consists of amounts due for the capital campaign (see Note 8).

The principal source of liquidity is cash flow generated from contributions and member dues. As part of the Center's liquidity strategy, management structures its financial assets, consisting of cash and receivables to be available as its general expenditures, liabilities and obligations come due within one year.

4. Concentrations

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash and cash equivalents. The Center places their cash and cash equivalents with various financial institutions and limits the amount of credit exposure by any single financial institution. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, the cash balance may be in excess of the FDIC limit. Amounts in excess of FDIC insurance totaled approximately $731,000 and $7,000 as of March 31, 2024 and 2023.

At March 31, 2024 and 2023, 58% and 56% of contributions receivable was from one donor, who is a related party. At March 31, 2024 and 2023, 10% and 0% of contributions receivable was from Board Members. For the years ended March 31, 2024 and 2023, 81% and 7% of contribution revenue were from one donor, who is a related party.

5. Property and Equipment

Included in property and equipment are improvements to the building in which the theatre operates. The following is a summary of property and equipment at March 31:

	2024	2023	Estimated Useful Lives
Land	$ 547,920	$ -	N/A
Buildings	915,201	-	39 years
Leasehold improvements	1,251,042	1,194,700	2-6 years
Furniture and equipment	119,863	90,350	3-5 years
Computer and software	229,931	219,499	3-5 years
Construction in Progress	17,785	-	N/A
	3,081,742	1,504,549	
Accumulated depreciation and amortization	(1,481,480)	(1,495,341)	
	$ 1,600,262	$ 9,208	

6. Economic Injury Disaster Loan

The Center applied for and received a Small Business Administration ("SBA") Economic Injury Disaster Loan ("EIDL") in the amount of $150,000 on August 30, 2020. The note is secured by a security interest in substantially all assets of the Center. The EIDL was modified on August 17, 2021, and the Center received an additional $49,000. The loan is payable in equal monthly installments of $889 including interest at a rate of 2.75%. Interest will accrue annually. For the years ended March 31, 2024 and 2023, accrued interest of $5,918 and $11,709 is included in accounts payable and accrued expenses on the statement of financial position. Effective March 2021, the SBA announced extended deferment periods for all disaster loans from 12 months to 24 months. Then, effective March 2022, the SBA granted an additional six-month deferment of principal and interest payments. The first installment, which includes interest only, was due in March 2023. The loan matures in September 2051.

6. Economic Injury Disaster Loan *(continued)*

Future maturities of the EIDL are as follows for the year ending March 31:

2025	$ -
2026	3,718
2027	5,365
2028	5,514
2029	5,668
Thereafter	178,735
	$ 199,000

7. Contributions Receivable, net

Contributions receivable, net, consist of the following at March 31:

	2024	2023
Contributions receivable due within 1 year	$ 398,730	30,242
Contributions receivable due within 2-5 year	1,248,000	-
Present value discount	(177,483)	-
	$ 1,469,247	$ 30,242

The discount rate used for long-term contributions during the year ended March 31, 2024 was approximately 4.4%. There were no long-term contributions receivable as of March 31, 2023.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at March 31:

	2024	2023
Capital Campaign - unexpended	$ 2,072,156	$ 91,588
Capital Campaign - expended on capital, but not yet placed into service	17,785	-
Film Programming Series	7,913	5,000
	$ 2,097,854	$ 96,588

Net assets released from donor restrictions during the years ended March 31 consist of the following:

	2024	2023
Capital Campaign	$ 64,002	$ -
Film Programming Series	4,196	-
Scholarship	-	2,885
Educator	-	5
	$ 68,198	$ 2,890

9. Capital Campaign

The Center is undertaking a capital campaign to raise funds to bring its 1939 historic building into the 21st century. The goal of the campaign is to modernize the interior of the building including adding a third auditorium and other facility and equipment upgrades. The funds will also go toward exterior renovations and modernization. The funds will be predominately used directly on these capital related expenditures, as well as on management oversight of the capital campaign.

The members of the board of directors started the campaign off with initial cash contributions totaling $100,000 during the year ended March 31, 2023. As of the year ended March 31, 2024, cash collected and available for capital campaign expenditures is $625,691. The gross amount raised for the capital campaign as of March 31, 2024 and 2023 is $2,370,403 and $100,000.

10. Related Party Transactions

For the years ended March 31, 2024 and 2023, the Center recorded contributions totaling $2,489,398 and $38,313 from a private foundation controlled by the President of the Center.

For the years ended March 31, 2024 and 2023, approximately 55% and 16% of the Center’s total support and revenue came from related parties.

On April 16, 2003, the Center entered into a lease agreement with Avon Theatre, LLC (the “Company”), a Connecticut limited liability company. The sole member of the Company is the Director and the President of the Center. The Company provides the Center with a theatre in Stamford, Connecticut for its film screenings for an annual rent of $10. The lease expired on December 1, 2023. The Center recognized $24,750 and $33,000 in the statement of activities as in-kind rental income for the year ended March 31, 2024 and 2023.

11. In-Kind Contributions

In-kind contributions for the years ended March 31 consisted of the following:

	2024	2023
Theatre Building and Land	$ 1,450,000	$ -
Auction items	63,494	25,253
Furniture and equipment	46,560	-
Professional services (legal)	130,234	-
Professional services (other)	13,228	13,657
Use of facilities (rent)	24,750	33,000
Collection items (art)	4,300	-
	$ 1,732,566	$ 71,910

11. In-Kind Contributions *(continued)*

The Center recognized contributed nonfinancial assets within revenue, including land, buildings, auction items for the Gala, furniture and equipment, professional services, rent, and art collection items. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed Theatre Building and Land represents the appraised Fair Market Value of the property located on 272 Bedford St, Stamford, Connecticut which was donated from the Royce's to the Center in August 2023. The aforementioned property is where the Center runs their operations.

The auction items were donated goods for the Gala event. Auction items consisted of wine and spirit bottles, gift certificates for dinners or events, etc. In-kind professional services (other) consisted of donated advertising services from a local marketing firm for the Gala event. In-kind auction items and professional services (other) are included in special events, net of direct donor benefit expenses in the accompanying statements of activities.

In-kind professional services (legal) consisted of donated legal services related to the real estate transfer described above and for the upcoming theatre renovation project. Such professional services were recorded at fair market value and are included in the accompany financial statements as in-kind professional services in the statements of activities with the corresponding expense included in professional services in the accompanying statements of functional expenses.

Donated furniture and equipment, and collection items was recorded at the fair market value of similar items available from retail sources.

Use of facilities consists of donated office space that the Center used for eight out of twelve months during Fiscal Year 2024, before the Center entered into their new lease at the Stamford Town Center in December 2023.

12. Operating Lease

In December 2023, the Center leased office space in Stamford, Connecticut. For the year ended March 31, 2024, the leases are presented as an operating lease right-of-use ("ROU") asset and operating lease liability of the Center's statement of financial position.

The operating lease ROU asset represents the Center's right to control the use of the underlying asset for the lease term and the lease liability represents the Center's obligation to make lease payments arising from the lease. The operating lease ROU asset and related liability are recognized at the lease commencement date based on the present value of future lease payments. If available, the Center uses the rate implicit in the lease to discount lease payments to present value; however, the Centers current lease does not provide a readily determinable implicit rate. Therefore, the Center has elected not to discount lease payments based on an estimate of its incremental borrowing rate. The Center has made an accounting policy election to use the risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. In addition to monthly rental charges, the Center is required to pay certain maintenance and utility charges during the term of the lease.

12. Operating Lease *(continued)*

Pertinent information related to the operating lease is as follows for the year ended March 31, 2024:

Lease expense	$	3,315
Cash paid for amounts included in the measurement of operating lease liabilities for operating cash flows	$	3,000
Weighted-average discount rate		4.14%
Weighted-average remaining lease term in years		4.75
ROU assets obtained in exchange for new operating lease liabilities	$	44,825

Future maturities of lease liabilities are presented in the following table for the fiscal years ended March 31:

2025	$	9,150
2026		9,608
2027		10,088
2028		10,592
2029		7,293
		46,731
Less: Present Value Discount		(4,310)
	$	42,421

13. Subsequent Events

On June 21, 2023, the Center was awarded a $500,000 grant from the State of Connecticut that will be used to fund the building of a third screening room at the Center. The funds are being released under the state's Good to Great Grant Program, which is co-administered by the Connecticut Department of Economic and Community Development ("DECD") and Connecticut Humanities. As of March 31, 2024, no funds have been expended nor received for the Good to Great Grant Program.

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