



The Celebrity Series of Boston, Inc.

Financial Statements

June 30, 2025 and 2024

The Celebrity Series of Boston, Inc.

Table of Contents

June 30, 2025 and 2024

	<u>Pages</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8



Independent Auditor's Report

To the Board of Directors of
The Celebrity Series of Boston, Inc.:

Opinion

We have audited the financial statements of The Celebrity Series of Boston, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, 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 Celebrity Series of Boston, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

AAFCPAs, Inc.

Westborough, Massachusetts
September 25, 2025

The Celebrity Series of Boston, Inc.
Statements of Financial Position
As of June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 269,780	\$ 582,387
Current portion of pledges and other receivables	1,246,722	1,130,239
Short-term investments	1,977,563	1,540,509
Prepaid expenses and other	209,414	279,414
Total current assets	3,703,479	3,532,549
Investments	17,864,158	17,573,210
Pledges and other receivables, net of current portion	514,769	410,345
Property, plant, and equipment, net of accumulated depreciation	179,097	192,611
Right-of-use assets, operating leases	304,900	436,085
Right-of-use assets, finance leases	23,357	11,106
Total assets	\$ 22,589,760	\$ 22,155,906
Liabilities and net assets		
Liabilities:		
Current liabilities:		
Current portion of operating lease liabilities	\$ 140,999	\$ 133,966
Current portion of finance lease liabilities	4,319	10,371
Accounts payable and accrued expenses	917,894	697,333
Advance ticket subscriptions and other	1,556,887	1,450,542
Total current liabilities	2,620,099	2,292,212
Operating lease liabilities	174,782	315,781
Finance lease liabilities	19,153	-
Total liabilities	2,814,034	2,607,993
Net assets:		
Net assets without donor restrictions	428,254	348,424
With donor restrictions:		
Purpose or time restricted	8,528,130	8,380,147
Perpetual restricted	10,819,342	10,819,342
Total with donor restrictions	19,347,472	19,199,489
Total net assets	19,775,726	19,547,913
Total liabilities and net assets	\$ 22,589,760	\$ 22,155,906

The accompanying notes are an integral part of these financial statements.

The Celebrity Series of Boston, Inc.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Operating revenue:						
Ticket sales, net	\$ 4,304,208	\$ -	\$ 4,304,208	\$ 3,758,593	\$ -	\$ 3,758,593
Processing fees	163,598	-	163,598	127,562	-	127,562
Stabilization fees	122,367	-	122,367	101,158	-	101,158
Total operating revenue	4,590,173	-	4,590,173	3,987,313	-	3,987,313
Operating support:						
Grants and contributions	1,786,253	1,623,336	3,409,589	1,585,346	1,916,644	3,501,990
Investment return designated for current operations	606,701	-	606,701	570,847	-	570,847
Interest and other	50,667	-	50,667	50,939	-	50,939
Net assets released from restrictions:						
Time - future years	1,291,580	(1,291,580)	-	1,452,690	(1,452,690)	-
Purpose	1,358,358	(1,358,358)	-	1,250,358	(1,250,358)	-
Total operating support	5,093,559	(1,026,602)	4,066,957	4,910,180	(786,404)	4,123,776
Special events revenue:						
Special events revenue	1,002,603	-	1,002,603	687,548	-	687,548
Less - special events expense	(513,772)	-	(513,772)	(401,401)	-	(401,401)
Special events, net	488,831	-	488,831	286,147	-	286,147
Total operating revenue and support	10,172,563	(1,026,602)	9,145,961	9,183,640	(786,404)	8,397,236

The accompanying notes are an integral part of these financial statements.

The Celebrity Series of Boston, Inc.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Expenses:						
Performance and education	7,858,684	-	7,858,684	7,571,631	-	7,571,631
Management and general	860,785	-	860,785	794,996	-	794,996
Fundraising	1,152,507	-	1,152,507	1,118,107	-	1,118,107
Total operating expenses	<u>9,871,976</u>	<u>-</u>	<u>9,871,976</u>	<u>9,484,734</u>	<u>-</u>	<u>9,484,734</u>
Changes in net assets from operations	<u>300,587</u>	<u>(1,026,602)</u>	<u>(726,015)</u>	<u>(301,094)</u>	<u>(786,404)</u>	<u>(1,087,498)</u>
Non-Operating Revenue (Expenses):						
Investment return, net of fees	-	1,781,286	1,781,286	-	2,317,658	2,317,658
Endowment contributions	-	-	-	-	1,640	1,640
Investment return designated for current operations	-	(606,701)	(606,701)	-	(570,847)	(570,847)
Executive search	(41,637)	-	(41,637)	-	-	-
Rebranding	(179,120)	-	(179,120)	-	-	-
Total non-operating revenue (expenses)	<u>(220,757)</u>	<u>1,174,585</u>	<u>953,828</u>	<u>-</u>	<u>1,748,451</u>	<u>1,748,451</u>
Changes in net assets	79,830	147,983	227,813	(301,094)	962,047	660,953
Net assets at beginning of year	<u>348,424</u>	<u>19,199,489</u>	<u>19,547,913</u>	<u>649,518</u>	<u>18,237,442</u>	<u>18,886,960</u>
Net assets at end of year	<u>\$ 428,254</u>	<u>\$ 19,347,472</u>	<u>\$ 19,775,726</u>	<u>\$ 348,424</u>	<u>\$ 19,199,489</u>	<u>\$ 19,547,913</u>

The accompanying notes are an integral part of these financial statements.

The Celebrity Series of Boston, Inc.
Statements of Functional Expenses
For the years ended June 30, 2025 and 2024

	2025				2024			
	Performance and Education	Management and General	Fundraising	Total	Performance and Education	Management and General	Fundraising	Total
Payroll and Related:								
Salaries	\$ 1,977,063	\$ 477,900	\$ 731,508	\$ 3,186,471	\$ 1,825,696	\$ 478,480	\$ 650,811	\$ 2,954,987
Payroll taxes and benefits	409,304	98,938	151,441	659,683	358,069	94,081	127,854	580,004
Total payroll and related	2,386,367	576,838	882,949	3,846,154	2,183,765	572,561	778,665	3,534,991
Artist fees	2,181,766	-	2,000	2,183,766	2,006,302	-	-	2,006,302
Direct performance costs	1,977,962	-	-	1,977,962	2,233,582	-	-	2,233,582
Professional fees	220,135	57,926	-	278,061	22,873	75,198	-	98,071
Contracted services	134,586	73,827	50,972	259,385	152,843	9,625	71,642	234,110
Advertising	243,155	-	300	243,455	203,838	-	-	203,838
Printing and postage	194,386	3,312	44,773	242,471	157,779	305	62,968	221,052
Occupancy	124,197	29,538	45,212	198,947	162,587	42,719	58,054	263,360
Service agreements	141,428	-	-	141,428	149,416	3,085	-	152,501
Travel and entertainment	102,326	11,961	17,803	132,090	104,859	6,756	14,630	126,245
Dues and subscriptions	68,586	30,085	3,277	101,948	58,185	21,828	1,676	81,689
Depreciation and amortization	38,014	18,687	14,065	70,766	35,847	9,418	12,797	58,062
Donor event	94	-	51,861	51,955	-	-	55,838	55,838
Equipment leases and maintenance	24,413	5,901	9,033	39,347	51,546	13,542	18,401	83,489
Insurance	-	35,942	-	35,942	-	30,211	-	30,211
Miscellaneous	3,587	10,689	10,762	25,038	32,275	3,109	26,684	62,068
Board expenses	-	-	19,351	19,351	-	-	15,159	15,159
Design	14,750	-	-	14,750	11,100	-	-	11,100
Supplies	2,932	6,079	149	9,160	4,834	6,639	1,593	13,066
Subtotal	7,858,684	860,785	1,152,507	9,871,976	7,571,631	794,996	1,118,107	9,484,734
Special events expense	-	-	513,772	513,772	-	-	401,401	401,401
Total expenses	7,858,684	860,785	1,666,279	10,385,748	7,571,631	794,996	1,519,508	9,886,135
Less - special events expense	-	-	(513,772)	(513,772)	-	-	(401,401)	(401,401)
Total expenses included in the statements of activities and changes in the net assets	\$ 7,858,684	\$ 860,785	\$ 1,152,507	\$ 9,871,976	\$ 7,571,631	\$ 794,996	\$ 1,118,107	\$ 9,484,734

The accompanying notes are an integral part of these financial statements.

The Celebrity Series of Boston, Inc.
Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 227,813	\$ 660,953
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Endowment contributions	-	(1,640)
Bad debts	900	5,150
Depreciation and amortization	70,766	58,062
Non-cash lease expense	288	17,143
Change in discount on operating pledges and other receivables	48,001	(1,216)
Net realized and unrealized gains on investments	(1,480,115)	(2,066,500)
Changes in operating assets and liabilities:		
Pledges and other receivables	(269,808)	8,985
Prepaid expenses and other	70,000	(74,760)
Accounts payable and accrued expenses	220,561	72,643
Advance ticket subscriptions and other	106,345	232,804
Net cash used in operating activities	(1,005,249)	(1,088,376)
Cash flows from investing activities:		
Acquisition of property and equipment	(47,754)	(146,003)
Purchase of investments	(3,066,643)	(2,341,707)
Proceeds from sale of investments	3,818,756	2,758,879
Net cash provided by investing activities	704,359	271,169
Cash flows from financing activities:		
Endowment contributions received	-	190,500
Payments on finance lease obligation	(11,717)	(11,364)
Net cash provided by (used in) financing activities	(11,717)	179,136
Net decrease in cash and cash equivalents	(312,607)	(638,071)
Cash and cash equivalents at beginning of year	582,387	1,220,458
Cash and cash equivalents at end of year	\$ 269,780	\$ 582,387
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 291	\$ 146
Noncash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations	\$ 24,525	\$ -

The accompanying notes are an integral part of these financial statements.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. OPERATIONS AND NONPROFIT STATUS

The Celebrity Series of Boston, Inc. (the Organization) is a multi-disciplinary, non-profit, performing arts presenter. The Organization's mission is to enrich and inspire the community through exceptional live performances. They envision a community of Greater Boston where the performing arts are valued, life-long, shared experience – on stages, on streets, in neighborhoods – everywhere. The Organization's events and performances are held in the Greater Boston, Massachusetts area.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Expense Allocation

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and administrative costs, such as insurance and other operating costs, which are allocated based on direct labor hours per program or function.

Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid securities issued with an initial maturity of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash and cash equivalents consisted of checking and money market accounts. For the purposes of the statements of cash flows, cash and cash equivalents held within the Organization's investment portfolio are considered investments (see Note 7).

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The Organization maintains its cash balances in financial institutions in the U.S. Balances at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in these accounts and management believes the Organization is not exposed to any significant credit risk on its cash and cash equivalents.

Revenue Recognition

Grants, Contributions and Program Service Revenue

In accordance with Topic 958, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met.

Grants and contributions from government agencies, foundations, individuals, and corporations are recorded as revenue and net assets without donor restrictions upon receipt or when unconditionally committed by the donor. Donor restricted grants and contributions that are donations with time or purpose restrictions are recognized as revenues and net assets with donor restrictions when received or when unconditionally committed by the donor. Grants and contributions with donor restrictions are reclassified to net assets without donor restrictions as services are performed and costs are incurred, or pro-rata over the period covered by the grant or contributions as time restrictions lapse. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

Special Events

Special events income in the accompanying statements of activities and changes in net assets includes income from the Organization's annual special events and is recognized at the time of the events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Contribution revenue from special events includes sponsorships which are considered contributions given the nominal value of the accompanying rights and privileges. The sales portion of the special event income is derived from ticket sales from this event, including tickets allocated with sponsorships. The transaction price for ticket sales is determined annually in accordance with Topic 606, *Revenue from Contracts with Customers*.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers

The Organization generally measures revenue from exchange transactions based on the amount of consideration The Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as The Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue recognition based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

In accordance with ASC Topic 606, ticket sales revenue and stabilization fees are recognized as productions are performed. The performance obligations of delivering the performance are simultaneously received and consumed by the recipients; therefore, the revenue is recognized as productions are performed. The receipt of subscription fees and sales of tickets for performances in the following year are recorded as advance ticket subscriptions in the accompanying statements of financial position. The following table represents advance ticket subscriptions and other balances as of:

<u>July 1, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
<u>\$ 1,217,738</u>	<u>\$ 1,450,542</u>	<u>\$ 1,556,887</u>

Other Revenue

Interest and dividends are recognized when earned. Interest income on cash is included in operating revenues, while interest and dividends earned on investments is included in investment return, net of fees in non-operating activities in the accompanying statements of activities and changes in net assets. Gains and losses are recognized as incurred upon sale or maturities of investments or based on fair value changes during the period. Gains and losses are included in investment return, net of fees in the accompanying statements of activities and changes in net assets

Investments and Spending Policy

Investments primarily include cash and cash equivalents, fixed income securities and exchange-traded funds which are reported at fair value.

The Organization records interest and dividends from investments when earned. Gains or losses on investments are recognized as realized upon sale or based on market value changes during the period. Investment return is reported in the accompanying statements of activities without donor restrictions as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Spending Policy (Continued)

The Organization's endowment consists of two individual restricted endowment funds. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in Massachusetts, requiring the tracking of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization tracks in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift and instrument at the time the accumulation is added to the fund, as applicable. Endowment funds and the related appreciation on such funds are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization had a policy of appropriating for distribution each year no more than 7% of its endowment fund's average fair value over the prior twelve trailing quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment asset held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. If additional appropriation is considered necessary, the action will be authorized by the Board of Directors and the allocation will be made from the endowment funds. An appropriation was approved for the years ending June 30, 2025 and 2024, of \$606,701 and \$570,847, respectively.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Spending Policy (Continued)

The Organization created an Innovation Fund for which a separate investment and spending policy was approved by the Board of Directors. The overall goal of the Innovation Fund is to enable innovative performances not previously presented by the Organization, accelerate initiatives that enhance community engagement, and support investment in infrastructure and personnel to improve patrons' experience of live performance. Its primary investment objective is to maximize dividend income and capital appreciation while providing funding for an annual expenditure, if approved by the Board. During fiscal years 2025 and 2024, the Board of Directors approved releases of \$1,070,000 and \$1,075,000, respectively, from the Innovation Fund, which are included in net assets released from restrictions - purpose in the accompanying statements of activities and changes in net assets.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of receipt by the Organization. Renewals and betterments are capitalized, while repairs and maintenance are expensed. Land is not depreciated.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

	<u>Useful Lives</u>
Computer equipment	3 years
Office furniture and equipment	3 - 7 years
Software	3 years
Website	5 years

The Organization accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant, and Equipment*. There was no impairment loss recognized in fiscal year 2025 or 2024.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Assets and Lease Liabilities

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

In evaluating its contracts, the Organization separately identifies lease and non-lease components such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office space and equipment. The Organization has elected the practical expedient to combine lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the use of the risk-free borrowing rate rather than the incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose or amounts restricted for use in future periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or as the time period lapses. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and change in net assets as net assets released from restrictions.

Prepaid

Prepaid expenses include costs incurred relating to productions to be performed during the next fiscal year. These costs are expensed at the time of the related productions.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs, with the exception of corporation bonds which are valued using Level 2 inputs.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

A summary of inputs used in valuing the Organization's investments as of June 30, 2025 and 2024, is included in Note 7.

In-Kind Contributions

The Organization receives the services of many volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements, since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the criteria for recognition in the financial statements

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2025 and 2024, were \$243,455 and \$203,838, respectively.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income in both the Federal and Massachusetts jurisdictions. There was no taxable net income from these activities for the years ended June 30, 2025 and 2024.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and public support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenues (expenses) include endowment and investment activity, as well as costs associated with executive search and organizational rebranding.

Reclassifications

As of result of the audit, certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on changes in net assets.

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through September 25, 2025, which is the date the financial statements were available to be issued. There were no such events that met the criteria for recognition or disclosure in the financial statements.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions (see Note 2) consist of the following at June 30:

Description	2025	2024
Subject to expenditure for specified purpose:		
Innovation Fund, including any unspent appreciation	\$ 3,764,846	\$ 4,387,236
Program restricted	29,000	164,500
	3,793,846	4,551,736
Subject to the passage of time:		
Future Years	1,630,935	1,463,819
Subject to the Organization's endowment spending policy and appropriation:		
Investment in perpetuity (including amounts above the original gift amounts of \$10,819,342 as of June 30, 2025 and 2024)	13,922,691	13,183,934
	\$ 19,347,472	\$ 19,199,489

Investment in perpetuity - original gift amounts are restricted for the following purposes at June 30, 2025 and 2024:

General endowment	\$ 10,097,930
Education endowment	600,000
Scholarship endowment	121,412
Total perpetually restricted	\$ 10,819,342

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

4. ENDOWMENT

Following is a summary of the changes in endowment net assets for the years ended June 30, 2025 and 2024:

	2025	2024
Endowment net assets, beginning of year	\$ 13,183,934	\$ 12,170,440
Endowment contributions	-	1,640
Investment activity:		
Net realized gains	210,703	1,365,613
Interest and dividends	273,973	235,285
Net unrealized gains	884,493	18,382
Investment management fees	(23,711)	(36,579)
Total investment activity	1,345,458	1,582,701
Investment return designated for current operations	(606,701)	(570,847)
Endowment net assets, end of year	\$ 13,922,691	\$ 13,183,934

5. PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment consist of the following at June 30:

	2025	2024
Computer equipment	\$ 140,787	\$ 137,380
Website	212,900	212,900
Office furniture and equipment	160,392	147,843
Software	32,616	8,116
	546,695	506,239
Less - accumulated depreciation	(367,598)	(313,628)
Net property and equipment	\$ 179,097	\$ 192,611

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

6. PLEDGES AND OTHER RECEIVABLES

Pledges and other receivables are expected to be received as follows at June 30:

Description	2025	2024
Due within one year	\$ 1,246,722	\$ 1,130,239
Due in one to five years	570,000	417,575
	<u>1,816,722</u>	<u>1,547,814</u>
Less - discount	(55,231)	(7,230)
Less - current portion	(1,246,722)	(1,130,239)
Non-current pledges receivable and other receivables	<u><u>\$ 514,769</u></u>	<u><u>\$ 410,345</u></u>

The pledges have been discounted using risk-free rate to state pledges at their net present values. At June 30, 2025, pledges receivable included pledges from three donors totaling approximately \$1,125,000.

7. INVESTMENTS

The majority of the Organization's investments include funds held by the Organization for long-term purposes and are generally not used for operations. Certain reserve funds that are deemed available for operations are shown as short-term investments in the accompanying financial statements. Investments are not insured and are subject to market fluctuations. Money market, equities, fixed income securities (with the exception of corporate bonds) and mutual funds are valued based on quoted prices in active markets. Corporate bonds are valued using several factors, including its credit rating relative to a corporate bond with similar maturity or duration.

Investments, summarized using fair value inputs, consist of the following at June 30 :

	2025			Total
	Level 1	Level 2	Level 3	
Money market	\$ 2,296,578	\$ -	\$ -	\$ 2,296,578
Equities:				
Domestic common stock	7,568,382	-	-	7,568,382
Fixed income:				
Corporate bonds	-	1,492,041	-	1,492,041
U.S. Treasuries	321,934	-	-	321,934
Agency securities	1,310,286	-	-	1,310,286
Municipal bonds and other	57,984	-	-	57,984
Mutual funds:				
Domestic equity mutual funds	6,697,414	-	-	6,697,414
Real estate investment trust	97,102	-	-	97,102
Total investments	<u><u>\$ 18,349,680</u></u>	<u><u>\$ 1,492,041</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,841,721</u></u>

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

7. INVESTMENTS (Continued)

	2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,968,786	\$ -	\$ -	\$ 1,968,786
Equities:				
Domestic common stock	7,723,333	-	-	7,723,333
Fixed income:				
Corporate bonds	-	1,371,187	-	1,371,187
U.S. Treasuries	415,537	-	-	415,537
Agency securities	1,126,983	-	-	1,126,983
Municipal bonds and other	57,769	-	-	57,769
Mutual funds:				
Domestic equity mutual funds	6,293,634	-	-	6,293,634
Real estate investment trust	156,490	-	-	156,490
Total investments	<u>\$ 17,742,532</u>	<u>\$ 1,371,187</u>	<u>\$ -</u>	<u>\$ 19,113,719</u>

Investment return, net of fees consists of the following for the years ended June 30:

	2025	2024
Net unrealized gains on investments	\$ 1,038,285	\$ 1,401,941
Interest and dividends	338,467	300,211
Net realized gains on investments	431,125	664,559
Investment management fees	(26,591)	(49,053)
Total investment return, net of fees	<u>\$ 1,781,286</u>	<u>\$ 2,317,658</u>

8. LEASES

Operating Leases

The Organization leases space under an operating lease agreement which expires in August 2027. The monthly payments for this lease agreement ranges from \$12,221 to \$12,568 and the discount rate is 4.29%.

The operating lease cost is \$147,341 and \$122,784 for the years ended June 30, 2025 and 2024, respectively. There were no variable lease costs for the years ended June 30, 2025 and 2024.

Finance Leases

The Organization entered into a new finance lease in April 2025 for office equipment, due in monthly principal and interest installments of \$433, with an interest rate of 4.09%. The finance lease agreement expires in June 2030.

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

8. LEASES (Continued)

The Organization had another finance lease, which expired in April 2025. Total equipment rent expense under this lease agreement was approximately \$11,000 for the years ended June 30, 2025 and 2024, and is included in equipment leases and maintenance in the accompanying statements of functional expenses.

The following summarizes the finance lease costs for the years ended June 30, 2025 and 2024, included in the depreciation and amortization in the accompanying statements of functional expenses in June 30:

	2025	2024
Amortization of finance lease assets	\$ 9,498	\$ 11,107
Interest on finance lease liabilities	291	146
Total finance lease costs	\$ 9,789	\$ 11,253

Future Minimum Payments

Future minimum lease payments for the operating and finance leases as of June 30, 2025, are as follows:

Fiscal Year	Operating	Finance
2026	\$ 151,240	\$ 5,199
2027	153,227	5,199
2028	25,653	5,199
2029	-	5,199
2030	-	5,199
Total future undiscounted lease payments	330,120	25,995
Less - present value discount	(14,339)	(2,523)
Less - current portion	(140,999)	(4,319)
Lease liability, net of current portion	\$ 174,782	\$ 19,153

The Celebrity Series of Boston, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

8. LEASES (Continued)

Supplemental Information

The following summarizes cash flow information related to leases for the years ended June 30:

Description	<u>2025</u>	<u>2024</u>
Operating cash flows from finance lease	\$ 291	\$ 146
Financing cash flows from finance lease	\$ 12,371	\$ 11,364

The following summarizes the weighted-average remaining lease term and discount rate as of June 30:

Weighted-Average Remaining Lease Term (Years):	<u>2025</u>	<u>2024</u>
Operating leases	2.09	3.09
Finance leases	5.00	1.00

Weighted-Average Discount Rate (in %):	<u>2025</u>	<u>2024</u>
Operating leases	4.29	4.29
Finance leases	4.09	0.89

ROU assets obtained in exchange for lease liabilities totaled \$24,525 as of June 30, 2025.

9. RETIREMENT PLANS

Defined Contribution Retirement Plan

The Organization sponsors a defined contribution retirement plan for its employee. Under the plan, the Organization contributes 3% of eligible compensation annually. Employer contributions totaled \$90,243 and \$89,523 for the years ended June 30, 2025 and 2024, respectively. The Organization has no further obligation under the plan beyond its annual contributions.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

9. RETIREMENT PLANS (Continued)

Deferred Compensation Plan

The Organization also maintains a deferred compensation plan for one of its key executives which is intended to qualify under Section 457(b) of the IRC. The assets of the 457(b) Plan as of June 30, 2025 and 2024, were \$173,089 and \$158,544, respectively. These assets are included in investments in the accompanying statements of financial position as of June 30, 2025 and 2024. The related liability is included in accounts payable and accrued expenses in the accompanying statements of financial position as of June 30, 2025 and 2024. The benefit is funded by the Organization under a tax deferred annuity plan and included in investments in the accompanying statements of financial position as of June 30, 2025 and 2024.

The Organization also maintains a deferred compensation plan for one of its key executives of the Organization which is intended to qualify under Section 457(f) of the IRC. Contributions to this plan totaled \$50,000 for the years ended June 30, 2025 and 2024, and are included in payroll taxes and benefits in the accompanying statements of functional expenses. Vesting of the plan is contingent on certain requirements of the key executive that includes no separation from the Organization before the end of the five-year period. The plan was effective July 1, 2021, and the assets of the plan as of June 30, 2025 and 2024, were \$236,526 and \$175,412, respectively. These assets are included in investments and accounts payable and accrued expenses in the accompanying statements of financial position.

10. LINE OF CREDIT

The Organization has available a \$750,000 line of credit with a bank, which has a one year term and is subject to annual review. The line of credit has a maturity date of October 1, 2026. Interest on outstanding borrowings is at the bank's prime rate (6.75% and 8.5% as of June 30, 2025 and 2024, respectively). There was no outstanding balance on this line of credit as of June 30, 2025 and 2024. The Organization must comply with certain covenants as specified in the agreements. The Organization was in compliance with these covenants as of June 30, 2025 and 2024.

11. CONDITIONAL CONTRIBUTIONS

As of June 30, 2025 and 2024, donors have notified the Organization of bequests totaling approximately \$2,630,000 and \$2,540,000, respectively, to which the Organization will be entitled upon the donor's deaths. Since these gifts are conditional, the Organization has not recorded these amounts in the accompanying financial statements.

12. REBRANDING

In fiscal year 2025, the Board approved the exploration of a strategic rebranding of the Organization, which would involve the development of a new name, visual identity, marketing materials, and related public communications. Expenses for the year totaled approximately \$179,000 and consisted primarily of consulting fees, creative and design services, and initial legal work, including copyright searches.

The Celebrity Series of Boston, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

12. REBRANDING (Continued)

The rebranding initiative is a multi-year project designed to enhance the Organization's public visibility, align its brand identity with its mission and strategic objectives, and strengthen stakeholder engagement. Additional expenses are anticipated in fiscal year 2026 as the project continues. All rebranding costs are recorded in the statement of activities and changes in net assets as non-operating expenses in the year incurred. No rebranding costs were capitalized.

13. EXECUTIVE SEARCH

In anticipation of an executive leadership transition scheduled for the end of the Organization's fiscal year 2026, the Board of Directors engaged Arts Consulting Group to lead a national search for the Organization's next Executive Director. The search process is being conducted in collaboration with a committee of the Board and is expected to conclude before the end of the fiscal year 2026.

During fiscal year 2025, the Organization incurred approximately \$41,000 in executive search expenses. Additional costs of approximately \$50,000 are anticipated in fiscal year 2026 as the search continues. All executive search costs are presented in the non-operating expense section of the statement of activities and changes in net assets in the year incurred.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the statements of financial position date are as follows as of June 30:

Description	2025	2024
Cash and cash equivalents	\$ 269,780	\$ 582,387
Short-term investments	1,977,563	1,540,509
Pledges and other receivables	1,246,722	1,130,239
Total financial assets	3,494,065	3,253,135
Donor-imposed restrictions	-	(9,381)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,494,065	\$ 3,243,754

The Organization holds adequate funds to meet daily operating needs, donor-restricted fund requirements and operating reserves in cash and short-term investments. The Endowment and Innovation funds (donor-restricted funds, see Notes 3 and 4) and any additional general funds without donor restrictions are invested conservatively in the stock and bond markets. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, in the event of an unanticipated liquidity need, management could draw upon the \$750,000 line of credit agreement as disclosed in Note 10.