

SYNCHRONICITY **THEATRE** SMART. GUTSY. BOLD.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

THE MCGEE CPA GROUP, P.C.

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE

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THE MCGEE CPA GROUP, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors of
Synchronicity Performance Group, Inc.
d/b/a Synchronicity Theatre
Atlanta, GA

Report on the Financial Statements

We have audited the accompanying financial statements of Synchronicity Performance Group, Inc. d/b/a Synchronicity Theatre (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 and 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 financial statements referred to above present fairly, in all material respects, the financial position of Synchronicity Performance Group, Inc. as of June 30, 2025 and 2024, and the changes in its assets and its cash flows for the years then ended in accordance with accounting principals 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Synchronicity Performance Group 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Synchronicity Performance Group's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 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 Synchronicity Performance Group'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 Synchronicity Performance Group'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.

The McGee CPA Group, P.C.

The McGee CPA Group, P.C.
Atlanta, GA

February 27, 2026

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash	\$ 4,008	\$ 65,667
Cash - restricted	59,822	76,381
Pledges receivable - current portion, net—Note C	142,708	12,500
Accounts receivable	30,000	11,570
Prepaid expenses	9,778	6,352
Total current assets	246,316	172,470
PROPERTY AND EQUIPMENT, net—Note D	62,742	82,272
LONG-TERM ASSETS:		
Pledges receivable - less current portion, net—Note C	88,454	-
Certificate of deposit - restricted	5,000	10,000
Right-of-use asset—Note G	265,870	221,861
Total long-term assets	359,324	231,861
OTHER ASSETS:		
Security deposits	1,715	1,715
Total other assets	1,715	1,715
TOTAL	\$ 670,097	\$ 488,318

(Continued)

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

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 14,666	\$ 18,256
Deferred revenue	-	8,090
Payroll liabilities	-	210
Current portion of note payable—Note F	3,719	7,949
Current portion of lease liability—Note G	154,538	145,687
	<u>172,923</u>	<u>180,192</u>
LONG-TERM LIABILITIES:		
Note payable, less current portion—Note F	138,223	139,463
Lease liability, less current portion—Note G	125,901	85,167
	<u>264,124</u>	<u>224,630</u>
Total long-term liabilities	<u>264,124</u>	<u>224,630</u>
Total liabilities	<u>437,047</u>	<u>404,822</u>
NET ASSETS:		
Without donor restrictions	(150,691)	1,468
With donor restrictions	383,741	82,028
	<u>233,050</u>	<u>83,496</u>
Total net assets	<u>233,050</u>	<u>83,496</u>
TOTAL	<u>\$ 670,097</u>	<u>\$ 488,318</u>

(Concluded)

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

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Without donor restrictions	With donor restrictions	Total	2024
SUPPORT AND REVENUES:				
Support:				
Contributions				
Individual	\$ 316,626	\$ 231,713	\$ 548,339	\$ 149,130
Corporate	18,857	-	18,857	25,714
Total support	<u>335,483</u>	<u>231,713</u>	<u>567,196</u>	<u>174,844</u>
Program revenues:				
Grants and contracts				
Corporate	15,377	-	15,377	3,000
Government	167,526	-	167,526	120,770
Foundations	249,417	75,000	324,417	435,784
Tours, ticket sales & concessions	213,856	-	213,856	156,214
Workshops, camps & after-school programs	83,650	-	83,650	78,295
Net assets released from restrictions				
Foundations	5,000	(5,000)	-	-
Total program revenues	<u>734,826</u>	<u>70,000</u>	<u>804,826</u>	<u>794,063</u>
Fundraising revenues:				
Special events	75,970	-	75,970	62,304
Total fundraising revenues	<u>75,970</u>	<u>-</u>	<u>75,970</u>	<u>62,304</u>
Other revenues:				
Rental income	28,969	-	28,969	34,187
Interest income	197	-	197	907
Book royalties	-	-	-	767
Other	33,746	-	33,746	24
Total other revenues	<u>62,912</u>	<u>-</u>	<u>62,912</u>	<u>35,885</u>
Total support and revenues	<u>1,209,191</u>	<u>301,713</u>	<u>1,510,904</u>	<u>1,067,096</u>
EXPENSES:				
Program services	1,087,574	-	1,087,574	950,002
Management and general	183,898	-	183,898	178,488
Fundraising	89,878	-	89,878	99,448
Total expenses	<u>1,361,350</u>	<u>-</u>	<u>1,361,350</u>	<u>1,227,938</u>
CHANGE IN NET ASSETS	(152,159)	301,713	149,554	(160,842)
NET ASSETS - BEGINNING OF YEAR	<u>1,468</u>	<u>82,028</u>	<u>83,496</u>	<u>244,338</u>
NET ASSETS - END OF YEAR	<u>\$ (150,691)</u>	<u>\$ 383,741</u>	<u>\$ 233,050</u>	<u>\$ 83,496</u>

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

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Program Services	Management and General	Fund- raising	Total
June 30, 2025				
Salaries and benefits	\$ 765,023	\$ 101,649	\$ 57,418	\$ 924,090
Occupancy	127,664	32,946	4,118	164,728
Production costs	111,744	-	-	111,744
Office expenses	14,640	35,598	1,213	51,450
Marketing	27,290	1,819	7,277	36,386
Depreciation	14,648	3,906	977	19,530
Professional fees	13,125	3,500	18,875	35,500
Insurance	13,442	4,481	-	17,922
	<u>\$ 1,087,574</u>	<u>\$ 183,898</u>	<u>\$ 89,878</u>	<u>\$ 1,361,350</u>
June 30, 2024				
Salaries and benefits	\$ 647,618	\$ 86,049	\$ 48,607	\$ 782,274
Occupancy	116,861	30,158	3,770	150,788
Production costs	92,757	-	-	92,757
Office expenses	20,084	48,836	1,664	70,584
Marketing	33,218	2,215	8,858	44,291
Depreciation	14,432	3,849	962	19,243
Professional fees	14,447	3,853	35,588	53,888
Insurance	10,585	3,528	-	14,113
	<u>\$ 950,002</u>	<u>\$ 178,488</u>	<u>\$ 99,448</u>	<u>\$ 1,227,938</u>

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

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 149,554	\$ (160,842)
Adjustments to reconcile change in net assets net cash provided by operating activities:		
Depreciation	19,530	19,243
Non-cash lease expense	6,709	512
Discount on pledges receivable	18,838	-
(Increase) decrease in operating assets		
Accounts receivable	(18,430)	(6,570)
Pledges receivable	(237,500)	22,917
Other receivable	-	88,899
Prepaid expenses	(3,426)	(6,352)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(3,590)	6,412
Payroll liabilities	(210)	(2,465)
Deferred revenue	(8,090)	8,090
Accrued interest	-	(5,228)
Deferred rent	(1,134)	(3,163)
	(77,749)	(38,547)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for leasehold improvements and property and equipment	-	(12,066)
Certificate of deposit - restricted release	5,000	5,000
	5,000	(7,066)
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(5,469)	(2,589)
	(5,469)	(2,589)
Net cash used in financing activities		
NET CHANGE IN CASH	(78,218)	(48,202)
BEGINNING CASH	142,048	190,250
ENDING CASH	\$ 63,830	\$ 142,048
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 1,561	\$ 4,184

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

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE A - NATURE OF ORGANIZATION AND ACTIVITIES

Nature of Organization

Formed in 1997, Synchronicity Performance Group, Inc. d/b/a Synchronicity Theatre (the "Organization") was incorporated in the state of Georgia, in 2000, as a not-for-profit theatre, with a focus on work by women and community involvement. A unique force on the Atlanta arts scene, the Organization is a dynamic and vibrant company, producing smart, gutsy and bold theatre, for Atlanta and beyond. The Organization is funded primarily through ticket sales, grants and contributions.

The Organization also provides theatre outreach through programs, such as Playmaking for Girls and Playmaking for Kids, as well as partnering with schools in communities, throughout Georgia, that do not have a theater presence.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions : Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions : Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Estimates

The preparation of financial statements in conformity 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.

Estimates that are particularly susceptible to significant change, in the near term, are related to the allocation of functional expenses, allowance for pledges receivable, and allowance for credit losses.

As of June 30, 2025 and 2024, none of the assets and liabilities were required to be reported at fair value on a recurring basis. The carrying values of cash and cash equivalents, pledges and grants receivable, accounts payable and accrued expenses approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ending June 30, 2025 and 2024, respectively.

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and savings accounts. For purposes of the statement of cash flows, the Organization's management considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents. Cash equivalents which are utilized within a managed investment portfolio are accounted for as investments. The Organization had no cash equivalents at the end of the years ended June 30, 2025 and 2024, respectively.

Pledges Receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There is no allowance for credit losses at June 30, 2025 and 2024.

Property and Equipment

Purchased furniture, fixtures and equipment are recorded at cost. Donated furniture, fixtures and office equipment are carried at the approximate fair value at the date of the donation. Expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful life of assets, are capitalized. For financial reporting purposes, depreciation is computed using the straight-line method over the assets estimated useful lives, ranging from three to seven years. Leasehold improvements are amortized over the shorter of the life of the asset, or the remaining lease term.

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements 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. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributed services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed goods are recognized at fair market value on the date received.

There were no contributed goods or services recorded during the years ended June 30, 2025 and 2024.

Advertising Expense

The Organization uses advertising to promote its programs and services to the area it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2025 and 2024, advertising costs were \$21,424 and \$48,388, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Allocation formulas, used to allocate expenses to administration, resource development and programs, are derived from cost of labor based upon personnel assignments and upon the space and resources assigned to the personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are re-evaluated annually, or as material changes warrant.

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Exempt Status

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, as amended, and classified by the Internal Revenue Service as other than a private foundation. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2025 and 2024, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax, respectively. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

Reclassification of Amounts

Certain amounts previously reported have been reclassified to conform to the current year financial statement presentation. These reclassifications had no effect on the reported results of operations.

Subsequent Events

Subsequent events have been evaluated through March 23, 2026, which is the date the financial statements were available to be issued. See Note K for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE C - PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue in the appropriate net asset category. Pledges expected to be received in periods greater than one year are recorded at the discounted present value of the future cash flow.

Anticipated collections of pledges receivable at June 30 are as follows:

	2025	2024
Within one year	\$ 150,000	\$ 12,500
One to five years	100,000	-
	250,000	12,500
Less:		
Discount for time-value of money at 5.03% - 5.11%.	(18,838)	-
	\$ 231,162	\$ 12,500

NOTE D - PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2025 and 2024 consists of the following:

	2025	2024
Furniture and equipment	\$ 16,941	\$ 16,941
Leasehold improvements	231,706	231,706
Less accumulated depreciation	(185,905)	(166,375)
Property and equipment, net	\$ 62,742	\$ 82,272

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE D - PROPERTY AND EQUIPMENT, NET (CONTINUED)

Depreciation of property and equipment was \$19,530 and \$19,243 during the years ended June 30, 2025 and 2024, respectively.

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2025	2024
Total assets at year-end	\$ 670,097	\$ 488,318
Less non-financial assets		
Prepays expenses and other assets	11,493	8,067
Operating lease right-of-use assets, net	265,870	221,861
Pledges receivable - less current portion, net	88,454	-
Property and equipment, net	62,742	82,272
	(428,559)	(312,200)
Financial assets at year-end	\$ 241,538	\$ 176,118
Less those unavailable for general expenditures within one year, due to:		
Requirement to maintain cash reserves	70,000	70,000
Certificate of deposit	5,000	15,000
Donor-restricted to payment of capital campaign	7,304	6,753
Donor restricted to payment of general operation expenditures	275	5,275
Donor-restricted to payment of production costs	75,000	-
	(157,579)	(97,028)
Financial assets available to meet cash needs for general expenditure within one year	\$ 83,959	\$ 79,090

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for ticket sales and a concentration of contributions received near the fiscal and calendar year ends.

NOTE F - LONG TERM DEBT

During the year ending June 30, 2020, the Organization borrowed \$150,000 through the Economic Injury Disaster Loan program (or "EIDL") that was sponsored by the United States and administered by the Small Business Administration (the "SBA"). The details are as follows:

<u>EIDL Loan</u>	2025	2024
The Organization received a \$150,000 EIDL Loan from the SBA, designed to provide economic relief to businesses that experienced loss of revenue, due to the corona virus (COVID-19). The note bears interest at a rate equal to 3.75%, with monthly payments of principal and interest of \$641 payable through the maturity date on September 19, 2050.	\$ 141,942	\$ 147,411
Less current portion	(3,719)	(7,949)
	\$ 138,223	\$ 139,462

SYNCHRONICITY PERFORMANCE GROUP, INC.
D/B/A SYNCHRONICITY THEATRE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE F - LONG TERM DEBT (CONTINUED)

Aggregate future maturities of long-term debt are as follows:

<u>For the years ending June 30,</u>	
2026	\$ 3,719
2027	3,847
2028	3,957
2029	4,070
2030	4,186
Thereafter	<u>122,163</u>
Total	<u>\$ 141,942</u>

Interest expense incurred for the year ended June 30, 2025 was approximately \$1,561 and \$4,184 for 2025 and 2024, respectively. The loan agreement contains standard provisions including requirements to the use of proceeds and events of default. Management believes the Organization is in compliance with all material provisions of the loan agreement as of June 30, 2025.

NOTE G - LEASE LIABILITY

The Organization leases its theater and rehearsal space under operating lease agreements with escalating payment provisions. Upon adoption of ASC 842 on July 1, 2021, the Organization recognized right-of-use assets and corresponding lease liabilities of \$608,435 related to these leases.

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present values of future lease payments over the lease term. The Organization has made a policy election to use risk free rate based on U.S. Treasury yields to discount future lease payments. The weighted-average discount rate applied to calculate the lease liabilities as of June 30, 2025 was 4.3%. The weighted-average remaining lease term is 4 years.

The Organization's operating leases consisted of real estate leases for two locations. At The terms of the real estate leases range from four to five years with an option to extend. The lease agreement requires monthly lease payments ranging from \$3,076 to \$9,053 as specified in each lease agreement.

The future lease payments under this lease agreement are as follows:

<u>For the years ending June 30,</u>	<u>Theater</u>	<u>Rehearsal Space</u>	<u>Total</u>
2026	\$ 116,618	\$ 37,920	\$ 154,538
2027	27,839	37,673	65,512
2028	-	38,803	38,803
2029	-	39,966	39,966
Total undiscounted lease payments	<u>\$ 144,457</u>	<u>\$ 154,362</u>	<u>\$ 298,819</u>
Present value discount rate at 4.3%	<u>(10,450)</u>	<u>(7,930)</u>	<u>(18,380)</u>
Lease liability	<u>\$ 134,007</u>	<u>\$ 146,432</u>	<u>\$ 280,439</u>

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NOTE G - LEASE LIABILITY (CONTINUED)

Rent expense was \$155,097 and \$142,182 during the years ended June 30, 2025 and 2024, respectively.

Lease cost for operating leases consists entirely of fixed payments recognized on a straight-line basis over the lease term. The Organization did not incur variable lease costs or short-term lease costs during the year.

The theater lease required a \$50,000 security deposit in the form of a demand letter of credit. The Organization has pledged a \$50,000 certificate of deposit to secure the demand letter of credit which was issued by a regional bank. The letter of credit reduces each October 1st by \$5,000, resulting in a letter of credit of \$5,000 for the final year.

The funds held in trust were set aside to cover their revocable letter of credit. These funds totaled \$5,000 and \$10,000 as of June 30, 2025 and 2024, respectively.

NOTE H - LINE OF CREDIT

The Organization maintains a \$50,000 revolving line of credit with a financial institution. Borrowings under the agreement bear interest at 8.5% and are unsecured. As of June 30, 2025, there was a balance of \$50,000, available for use.

NOTE I - RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan covering substantially all eligible employees. Under the plan, employees may elect to defer a portion of their compensation, and the Organization provides a matching contribution equal to 3% of eligible employee compensation.

The Organization's matching contributions are expensed as incurred. Total employer matching contributions for the year ended June 30, 2025 and 2024 were \$5,435 and \$5,931, respectively.

The Organization does not sponsor or administer the individual retirement accounts and has no fiduciary responsibility for plan assets. Accordingly, the related account balances are not included in the accompanying financial statements.

Although the Organization receives periodic statements from custodians reflecting employee account balances, such information is for informational purposes only and does not represent assets or liabilities of the Organization.

NOTE J - NET ASSETS

Net Assets Without Donor Restrictions

At June 30, 2025 and 2024, all net assets without donor restrictions are undesignated as to their use.

Net Assets With Donor Restrictions

As described within Note A, net assets with donor restrictions are comprised of contributions received subject to donor-imposed restrictions. As of June 30, 2025 and 2024, restricted net assets are comprised of the following donor imposed purpose restricted contributions:

	2025	2024
Cash reserves	\$ 70,000	\$ 70,000
Transition/capital campaign	7,304	6,753
General operations	231,437	5,275
Production costs	75,000	-
	\$ 383,741	\$ 82,028

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NOTE J - NET ASSETS (CONTINUED)

During the years ended June 30, 2025 and 2024, net assets of \$37,500 and \$385,233, respectively, were released from donor restrictions.

NOTE K - COMMITMENTS AND CONTINGENCIES

The Organization is subject to legal actions arising in the ordinary course of business. In management's opinion, the Organization has adequate legal defense and insurance coverage with respect to such actions and their final outcome would not materially affect the Organization's operations or financial position. There were no existing or pending legal matters as of June 30, 2025.

NOTE L - CONCENTRATIONS

Cash

Cash consist primarily of demand deposits with two financial institutions. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. As of June 30, 2025, cash balances did not exceed the FDIC limit. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss.

Grants and Contracts

The Organization's primary source of revenue is derived from grants. During the years ended June 30, 2025 and 2024, the Organization received 46% and 33%, respectively, of its total revenue from over ten local and national grant sources each year and no one source comprises more than 7% of the organizations' budget. Because of the Organization's dependence on these granting agencies, any circumstances, which could affect the grantors' ability to honor grant agreements, could negatively impact the Organization and its ability to carry out its programs.

NOTE M - SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2025 through February 27, 2025, the date the Organization's financial statements were available to be issued.

Capital Campaign

In January 2026, Synchronicity Theatre launched a \$3,000,000 capital campaign to strengthen its financial position and support strategic initiatives, including expanding operating reserves, enhancing retirement benefits for the Founding Artistic Director, increasing staff compensation, and addressing income shortfalls resulting from the COVID-19 pandemic. As of February 23, 2026, the Organization has received \$470,000 in a combination of cash contributions and pledges.

Lease Renewal

On January 14, 2026, the Organization was notified that the landlord of its current facility located at 1545 Peachtree Street NE, Atlanta, Georgia, will not renew the lease upon its expiration in October 2026 due to acceptance of a competing third-party offer. Management is actively pursuing alternative facilities and expects to secure a new location prior to the year ending June 30, 2026.

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NOTE N - BOARD DESIGNATED CASH RESERVES

The Organization maintains a policy of establishing cash reserves to support operating stability and to provide a source of liquidity for unanticipated events or shortfalls in funding. In accordance with this policy, the Board of Directors has designated certain cash balances as reserves. These amounts are included in cash and cash equivalents and are maintained in a separate account.

Board-designated reserves are not legally restricted and may be made available for operations or other purposes upon approval of the Board of Directors.

As of June 30, 2025, the Organization's board-designated reserve balance totaled \$59,822, which is \$10,178 below the target reserve level established by the Board. Management is aware of this shortfall and is evaluating strategies to restore the reserve to its targeted level, including future operating surpluses and/or specific funding allocations.

The Organization continues to monitor its liquidity position and reserve levels to ensure alignment with its financial policies and long-term sustainability objectives.