

ROXY PRODUCTIONS, INC.
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

Introductory Section:

Schedule of Board of Directors and Management (unaudited)	1
---	---

Independent Auditor's Report.....	2
-----------------------------------	---

Basic Financial Statements:

Statements of Net Position	5
----------------------------------	---

Statements of Revenues, Expenses and Changes in Net Position	7
--	---

Statements of Cash Flows	9
--------------------------------	---

Notes to Financial Statements	11
-------------------------------------	----

Supplementary Information:

Schedule of State Financial Assistance	16
--	----

Schedule of Changes in Long-Term Debt by Individual Issue	18
---	----

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
---	----

Schedule of Prior Year Findings and Questioned Costs.....	21
---	----

ROXY PRODUCTIONS, INC.
SCHEDULE OF BOARD OF DIRECTORS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2023

BOARD OF DIRECTORS

Mr. Kurt Kowalski	Chair
Ms. Melissa Schaffner	Vice-Chair/Secretary
Ms. Nancy Ladd	Treasurer
Mr. Joseph Britton	Member
Ms. Nancye Britton	Member
Mr. Charlie Foust	Member
Ms. Andrea Herrera	Member
Mr. Jason Hodges	Member
Mr. Jason Knight	Member
Ms. Laurie Matta	Member
Ms. Amanda Pitt	Member
Mayor Joe Pitts	Member
Senator Bill Powers	Member
Ms. Jennifer Scribner	Member
Councilperson Joe Shakeenab	Member
Mr. David Shelton	Member
Ms. Linda Shephard	Member
Ms. Jerica Swiger	Member

MANAGEMENT

Ms. Emily Ruck	General Director
----------------	------------------



STONE,
RUDOLPH
& HENRY, PLC

Accounting • Tax • Consulting

Certified
Public
Accountants

www.srhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Roxy Productions, Inc.
Clarksville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Roxy Productions, Inc. (the Roxy), a component unit of the City of Clarksville, Tennessee, as of June 30, 2023 and 2022, and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Roxy as of June 30, 2023 and 2022, and the respective changes in its financial position and cash flows for the years ended June 30, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Roxy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Roxy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government 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 and *Government 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 the Roxy'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 Roxy'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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Roxy Productions, Inc.'s basic financial statements. The accompanying schedule of state financial

assistance and the schedule of changes in long-term debt by individual issue are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance and the schedule of changes in long-term debt by individual issue are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the introductory section of the table of contents. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, on our consideration of the Roxy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Roxy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Roxy's internal control over financial reporting and compliance.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
September 20, 2023

ROXY PRODUCTIONS, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 38,513	\$ 378,229
Costume inventory	29,258	29,258
Prepaid expenses	17,817	40,634
Total current assets	<u>85,588</u>	<u>448,121</u>
<u>PROPERTY AND EQUIPMENT</u>		
Costumes	120,704	120,704
Equipment	44,225	40,725
Total property and equipment	164,929	161,429
Less: accumulated depreciation	44,171	33,623
Net property and equipment	<u>120,758</u>	<u>127,806</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 206,346</u></u>	<u><u>\$ 575,927</u></u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2023</u>	<u>2022</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,701	\$ 7,806
Payroll taxes payable	5,308	8,694
Current portion of notes payable	<u>8,556</u>	<u>8,556</u>
Total current liabilities	<u>15,565</u>	<u>25,056</u>
 <u>LONG-TERM LIABILITIES</u>		
Notes payable	<u>117,444</u>	<u>126,778</u>
Total long-term liabilities	<u>117,444</u>	<u>126,778</u>
 Total liabilities	<u>133,009</u>	<u>151,834</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	 <u>-</u>	 <u>-</u>
 <u>NET POSITION</u>		
Net investment in capital assets	120,758	127,806
Unrestricted	<u>(47,421)</u>	<u>296,287</u>
Total net position	<u>73,337</u>	<u>424,093</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 206,346</u>	 <u>\$ 575,927</u>

ROXY PRODUCTIONS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>OPERATING REVENUES</u>		
Admissions	\$ 306,190	\$ 187,144
City of Clarksville appropriations	185,085	240,000
Donated use of building	76,764	76,764
Contributions	90,174	118,550
Grants	18,000	289,751
Advertising and sponsorships	47,579	21,051
Education programs	26,681	17,431
Concessions	36,969	16,789
Other	27,753	7,717
Total operating revenue	<u>815,195</u>	<u>975,197</u>
<u>OPERATING EXPENSES</u>		
Actor's housing	45,774	25,097
Advertising	8,590	4,185
Bank fees	1,129	3,155
Depreciation	10,548	4,237
Education programs	7,000	11,390
Employee benefits	49,550	22,760
Film series	8,543	5,617
Fundraising	11,518	21,446
Insurance	14,930	5,886
Maintenance	20,106	19,175
Miscellaneous	6,852	4,974
Office	43,037	24,526
Payroll taxes	32,788	24,412
Production	291,601	159,800
Professional services	21,461	19,200
Rent	76,764	76,764
Royalties	39,543	31,001
Salaries	414,016	307,613
Ticket fees	27,893	15,342
Utilities	34,308	25,942
Total operating expenses	<u>1,165,951</u>	<u>812,522</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(350,756)</u>	<u>162,675</u>

(Continued)

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

ROXY PRODUCTIONS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Gain on extinguishment of debt	-	30,328
Interest expense	-	(78)
Total non-operating revenues (expenses)	<u>-</u>	<u>30,250</u>
<u>CHANGE IN NET POSITION</u>	(350,756)	192,925
<u>NET POSITION - BEGINNING</u>	<u>424,093</u>	<u>231,168</u>
<u>NET POSITION - ENDING</u>	<u>\$ 73,337</u>	<u>\$ 424,093</u>

(Concluded)

ROXY PRODUCTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patrons	\$ 397,593	\$ 229,081
Cash received from City of Clarksville	185,085	240,000
Cash received from contributors	155,753	429,352
Cash paid to suppliers of goods and services	(651,297)	(438,896)
Cash paid to employees for services	(414,016)	(307,613)
Net cash provided by (used in) operating activities	<u>(326,882)</u>	<u>151,924</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES</u>		
Purchase of property and equipment	(3,500)	(21,301)
Repayment of notes payable	(9,334)	(4,666)
Interest paid	<u>-</u>	<u>(78)</u>
Net cash used in capital and related financing activities	<u>(12,834)</u>	<u>(26,045)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	(339,716)	125,879
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>378,229</u>	<u>252,350</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u><u>\$ 38,513</u></u>	<u><u>\$ 378,229</u></u>

(Continued)

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

ROXY PRODUCTIONS, INC.
STATEMENTS OF CASH FLOWS (CONT'D)
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (350,756)	\$ 162,675
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	10,548	4,237
Changes in:		
Prepaid expenses	22,817	(18,562)
Accounts payable	(6,105)	2,941
Payroll taxes payable	(3,386)	5,633
Deferred revenue	-	(5,000)
Net cash provided by (used in) operating activities	<u>\$ (326,882)</u>	<u>\$ 151,924</u>

Supplemental Disclosure on Non-Cash Activity

Paycheck Protection Program loan forgiveness	\$ -	\$ 30,328
In-Kind rent from City of Clarksville	\$ 76,764	\$ 76,764
In-Kind donations/services	\$ 13,976	\$ 4,176
Costumes exchanged for a note payable	\$ -	\$ 140,000

(Concluded)

ROXY PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Roxy Productions, Inc. (the Roxy) is a nonprofit organization established August 12, 1985. Its objective is to produce live plays and other entertainment for the social and educational benefit of Clarksville, Tennessee and the surrounding areas. The Roxy's operations are controlled by a board of directors.

During the year ended June 30, 2021, the Roxy became a component unit of the City of Clarksville, Tennessee (the City), which is the principal reporting entity and primary government. The City is responsible for appointing the majority of the Roxy's board of directors and provides its primary funding support.

Use of Estimates

The Roxy's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from estimates in the near term and variances can have a material effect on the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Roxy to significant concentrations of credit risk consists principally of cash. The Roxy places its cash with federally-insured financial institutions.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of the Roxy have been prepared using the economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Cash and Cash Equivalents

The Roxy considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Cash payments for interest were \$-0- and \$78 for the years ended June 30, 2023 and 2022, respectively. Investments and other deposits are restricted by state law to deposits with financial institutions and certain obligations guaranteed by the United States Government.

Inventories

Inventories are stated at lower of cost or market value and are determined by the moving average inventory method. A perpetual inventory is maintained with a physical inventory being taken annually.

Property and Equipment

Property and equipment are recorded at historical cost or, if contributed, at estimated fair value at the date of receipt. Property and equipment acquired with a unit cost of \$1,500 or greater and a useful life of more than one year are capitalized. Expenditures for additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Capitalized assets are depreciated over their estimated useful lives using the straight-line method.

ROXY PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (Cont'd)

Restricted Net Position

When both restricted and unrestricted resources are available for use, it is the Roxy's policy to use restricted resources first, then unrestricted resources as needed.

Accrued Compensated Absences

There are no personnel policies that allow for annual leave. Therefore, compensated absences are not accrued.

Tax-Exempt Status

The Roxy is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation. Accordingly, no provision for income taxes has been made. However, the Roxy does file information returns required by the Internal Revenue Service. The Roxy is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before August 31, 2020.

Revenues and Support

Operating income includes revenues and expenses related to the primary continuing operations. Operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Contributions are generally available for unrestricted use in the current fiscal year unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Revenue from grants for the years ended June 30, 2023 and 2022, were from the following sources:

	<u>2023</u>	<u>2022</u>
Tennessee Arts Commission	\$ 15,000	\$ 27,600
U.S. Small Business Administration	-	253,151
Community Foundation of Middle Tennessee	<u>3,000</u>	<u>9,000</u>
Total grants revenue	<u>\$ 18,000</u>	<u>\$ 289,751</u>

Contributions of noncash assets, use of facilities (see Note 4) and advertising services are recognized as economic resources and are recorded at their fair values in the period received. A substantial number of unpaid volunteers have made significant contributions of their time to support the Roxy's programs, principally in fundraising. None of these services were recognized as income or expense in these financial statements.

Concentrations of Revenue

Funding from the City of Clarksville was \$185,085 and \$240,000 and accounted for 23% and 25% of total operating revenues for the years ended June 30, 2023 and 2022, respectively. Revenues from admissions was \$306,190 and \$187,144 and accounted for 38% and 19% of total operating revenues for the years ended June 30, 2023 and 2022, respectively. Revenues from grants was \$18,000 and \$284,751 and accounted for 2% and 30% of total operating revenues for the years ended June 30, 2023 and 2022, respectively. A major reduction in funding from the City of Clarksville, admissions, or grant revenue could have a significant effect on the future operations of the Roxy.

ROXY PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (Cont'd)

Budgets and Budgetary Accounting

The Roxy follows these procedures in establishing its budgetary data (not reflected in the financial statements):

- (1) The budget document is approved by the board of directors. The primary planning tool used is the actual and projected revenues and expenditures of the immediately preceding year. The budget is approved by broad category.
- (2) Unused budgetary appropriations lapse at the end of the year.

Advertising Costs

All advertising costs are expensed as incurred. The Roxy incurred and expensed \$8,590 and \$4,185 for advertising costs during the years ended June 30, 2023 and 2022, respectively.

Changes in Presentation

Certain items in the prior year may have been reclassified to conform to current year presentation.

Date of Management's Review

Subsequent events have been evaluated through September 18, 2023, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

At June 30, 2023 and 2022, cash and cash equivalents were represented by deposits in a financial institution totaling \$54,439 and \$383,843, respectively, all of which was insured by the Federal Deposit Insurance Corporation (FDIC).

3. Property and Equipment

A summary of changes in property and equipment for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Property and Equipment</u>				
Costumes	\$ 120,704	\$ -	\$ -	\$ 120,704
Equipment	40,725	3,500	-	44,225
Total property and equipment	<u>\$ 161,429</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 164,929</u>

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Accumulated Depreciation</u>				
Costumes	\$ 3,353	\$ 8,047	\$ -	\$ 11,400
Equipment	30,270	2,501	-	32,771
Total accumulated depreciation	<u>\$ 33,623</u>	<u>\$ 10,548</u>	<u>\$ -</u>	<u>\$ 44,171</u>

A summary of changes in property and equipment for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<u>Property and Equipment</u>				
Costumes	\$ -	\$ 120,704	\$ -	\$ 120,704
Equipment	29,386	11,339	-	40,725
Total property and equipment	<u>\$ 29,386</u>	<u>\$ 132,043</u>	<u>\$ -</u>	<u>\$ 161,429</u>

ROXY PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023 AND 2022

3. Property and Equipment (Cont'd)

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<u>Accumulated Depreciation</u>				
Costumes	\$ -	\$ 3,353	\$ -	\$ 3,353
Equipment	29,386	884	-	30,270
Total accumulated depreciation	<u>\$ 29,386</u>	<u>\$ 4,237</u>	<u>\$ -</u>	<u>\$ 33,623</u>

4. Related-Party Transactions

During the years ended June 30, 2023 and 2022, the Roxy rented a house from the current executive director for \$13,440 and \$18,948, respectively.

During the year ended June 30, 2021, the City of Clarksville purchased the building from the Roxy for \$810,000. Subsequently, the building was leased by the Roxy from the City of Clarksville for \$1 per year for 25 years beginning March 1, 2021. The fair rental value of the building was \$76,764 for the years ended June 30, 2023 and 2022 and was recognized as rent expense. The fair rental value of the building was determined by considering the age and condition of the buildings and the cost of rental space for property in the same vicinity.

5. Notes Payable

Notes payable consisted of the following:

	June 30, 2023	2022
Noninterest bearing note payable to an individual in monthly installments of \$778, through January 2037; secured by costumes with a carrying value of \$138,562.	\$ 126,000	\$ 135,334
Less: current portion	8,556	8,556
Total long-term portion of notes payable	<u>\$ 117,444</u>	<u>\$ 126,778</u>

Following are the changes in long-term debt for the year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Estimated Amount Due Year Ending June 30, 2024
Notes payable	<u>\$ 135,334</u>	<u>\$ -</u>	<u>\$ 9,334</u>	<u>\$ 126,000</u>	<u>\$ 8,556</u>

Following are the changes in long-term debt for the year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Estimated Amount Due Year Ending June 30, 2023
Notes payable	<u>\$ 30,328</u>	<u>\$ 140,000</u>	<u>\$ 34,994</u>	<u>\$ 135,334</u>	<u>\$ 8,556</u>

ROXY PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2023 AND 2022

5. Notes Payable (Cont'd)

Future payments on long-term debt are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,556	\$ -
2025	9,333	-
2026	9,333	-
2027	9,333	-
2028	9,333	-
2029-2033	46,665	-
2034-2037	33,447	-
Total	<u>\$ 126,000</u>	<u>\$ -</u>

6. Commitments and Contingencies

The Roxy's exposure to property loss and general liability is handled through the purchase of commercial insurance. Insurance coverage was adequate to cover settlements for the past three fiscal years.

ROXY PRODUCTIONS, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

<u>Grantor/Program Title</u>	<u>Grant Number or Pass-Through Grantor's Contract Number</u>	<u>Federal CFDA Number</u>	<u>Accrued Receivable July 1, 2022</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued Receivable June 30, 2023</u>
<u>State of Tennessee, Community Foundation of Middle Tennessee</u>						
Discretionary Grant	Tomas and the Library Lady	N/A	-	3,000	3,000	-
Total Community Foundation of Middle Tennessee			-	3,000	3,000	-
<u>State of Tennessee, Tennessee Arts Commission</u>						
Arts Program Categorical Grants	31625-14595	N/A	-	15,000	15,000	-
Total State Assistance			\$ -	\$ 18,000	\$ 18,000	\$ -

See accompanying note to schedule of state financial assistance.

ROXY PRODUCTIONS, INC.
NOTE TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of state financial assistance are presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the State of Tennessee, Department of Audit, Audit Manual. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

ROXY PRODUCTIONS, INC.
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid or Forgiven During Period	Outstanding June 30, 2023
<u>NOTES PAYABLE</u>								
Costume Note Payable	\$ 140,000	0.00%	1/19/2022	1/1/2037	\$ 135,334	\$ -	\$ 9,334	\$ 126,000
Total notes payable					<u>\$ 135,334</u>	<u>\$ -</u>	<u>\$ 9,334</u>	<u>\$ 126,000</u>



STONE,
RUDOLPH
& HENRY, PLC

Accounting • Tax • Consulting

Certified
Public
Accountants

www.srhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Roxy Productions, Inc.
Clarksville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Roxy Productions, Inc. (the Roxy), a component unit of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Roxy's basic financial statements and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Roxy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Roxy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Roxy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roxy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Roxy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Roxy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

September 20, 2023

ROXY PRODUCTIONS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

There were no prior year findings reported.