



WOMEN'S PROJECT & PRODUCTIONS, INC.

Audited Financial Statements

June 30, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Women's Project & Productions, Inc.

Opinion

We have audited the accompanying financial statements of Women's Project & Production, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Organization as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

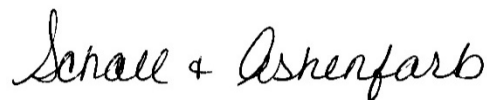
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 13, 2022

WOMEN'S PROJECT & PRODUCTIONS, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022
(With comparative totals at June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Assets		
Cash and cash equivalents	\$118,269	\$256,269
Contributions and grants receivable	470,168	1,079,555
Prepaid expenses and other assets	170,068	62,913
Investments (Note 2)	1,226,141	1,139,641
Fixed assets, net (Note 3)	76,269	96,988
Security deposits	<u>13,000</u>	<u>13,000</u>
Total assets	<u><u>\$2,073,915</u></u>	<u><u>\$2,648,366</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$299,783	\$161,758
Deferred revenue	170,000	0
Paycheck Protection Program loan (Note 4)	0	172,155
Loan payable (Note 5)	0	100,000
Economic Injury Disaster loan (Note 6)	149,900	149,900
Deferred rent	<u>16,748</u>	<u>21,527</u>
Total liabilities	<u><u>636,431</u></u>	<u><u>605,340</u></u>
Net assets:		
Without donor restrictions:		
Operations	(9,203)	112,913
Board designated reserve fund (Note 1c)	<u>886,170</u>	<u>926,246</u>
Total net assets without donor restrictions	<u><u>876,967</u></u>	<u><u>1,039,159</u></u>
With donor restrictions (Note 7)	<u>560,517</u>	<u>1,003,867</u>
Total net assets	<u><u>1,437,484</u></u>	<u><u>2,043,026</u></u>
Total liabilities and net assets	<u><u>\$2,073,915</u></u>	<u><u>\$2,648,366</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

WOMEN'S PROJECT & PRODUCTIONS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/22	Total 6/30/21 *
Public support and revenue:				
Contributions:				
Foundations	\$182,650	\$109,350	\$292,000	\$890,500
Individuals	117,612		117,612	190,253
Corporations	6,034		6,034	4,437
In-kind contributions (Note 8)	24,500		24,500	30,000
Government grants:				
Employee Retention Tax Credit (Note 1d)	61,309		61,309	234,316
Paycheck Protection Program (Note 4)	172,155		172,155	196,372
Other government grants	368,385		368,385	109,000
Special event revenue (net of expenses with a direct benefit to donors)(Note 10)	163,671		163,671	0
Box office and membership income	25,054		25,054	628
Enhancement/co-production income			0	100,000
Other income	16,434		16,434	78,996
Transfers into board designated fund from operations (Note 1c)	(105,000)		(105,000)	(236,605)
Net assets released from restriction	552,700	(552,700)	0	0
Total public support and revenue	1,585,504	(443,350)	1,142,154	1,597,897
Expenses:				
Program services:				
Productions	1,100,778		1,100,778	938,670
Labs	224,238		224,238	202,154
Total program services	1,325,016	0	1,325,016	1,140,824
Supporting services:				
Management and general	82,500		82,500	87,743
Fundraising	266,680		266,680	221,681
Total supporting services	349,180	0	349,180	309,424
Total expenses	1,674,196	0	1,674,196	1,450,248
Change in net assets from operations	(88,692)	(443,350)	(532,042)	147,649
Non-operating activities:				
Interest and dividend income	82,582		82,582	13,547
Net (loss)/gain on investments (Note 2)	(261,082)		(261,082)	24,847
Transfers into board designated fund from operations (Note 1c)	105,000		105,000	236,605
Total non-operating activities	(73,500)	0	(73,500)	274,999
Change in net assets	(162,192)	(443,350)	(605,542)	422,648
Net assets - beginning of year	1,039,159	1,003,867	2,043,026	1,620,378
Net assets - end of year	\$876,967	\$560,517	\$1,437,484	\$2,043,026

* Reclassified for comparative purposes

The attached notes and auditors' report are an integral part of these financial statements.

WOMEN'S PROJECT & PRODUCTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Program Services			Supporting Services			Total Expenses	Total Expenses
	Productions	Labs	Total Program Services	Management and General	Fundraising	Total Supporting Services	6/30/22	6/30/21
Salaries	496,400	\$135,382	\$631,782	\$22,564	\$97,776	\$120,340	\$752,122	\$700,715
Payroll taxes and employee benefits	112,700	26,819	139,519	4,470	19,369	23,839	163,358	145,943
Total salaries and related expenses	609,100	162,201	771,301	27,034	117,145	144,179	915,480	846,658
Artistic and technical fees	24,326	36,705	61,031			0	61,031	104,675
Outside professional fees (including in-kind)(Note 8)	34,296	5,205	39,501	40,435	78,780	119,215	158,716	165,825
Production expenses	317,340		317,340			0	317,340	195,007
Occupancy costs	29,100	1,936	31,036	323	1,398	1,721	32,757	18,517
Equipment rental	1,452	396	1,848	66	286	352	2,200	2,742
Advertising and promotion			0	3,653		3,653	3,653	6,015
Telephone	4,844	1,052	5,896	175	760	935	6,831	5,912
Office expenses	18,679	5,094	23,773	849	3,679	4,528	28,301	35,123
Printing and postage	8,362	129	8,491	21	93	114	8,605	5,176
Bank and credit card fees	8,660	2,362	11,022	394	1,706	2,100	13,122	6,556
Special event expenses			0		89,352	89,352	89,352	0
Insurance	11,082	3,022	14,104	504	2,183	2,687	16,791	17,852
Interest expense			0	4,281		4,281	4,281	3,822
Miscellaneous	1,341	366	1,707	61	264	325	2,032	1,864
Dues and subscriptions	5,454	1,487	6,941	248	1,074	1,322	8,263	10,755
Repairs and maintenance	4,383	51	4,434	8	37	45	4,479	4,052
Travel and transportation	6,838		6,838	3,742	234	3,976	10,814	4,960
Depreciation	15,521	4,232	19,753	706	3,057	3,763	23,516	14,737
Total other expenses	491,678	62,037	553,715	55,466	182,903	238,369	792,084	603,590
Less: cost of direct benefit to donors					(33,368)	(33,368)	(33,368)	0
Total expenses	<u>\$1,100,778</u>	<u>\$224,238</u>	<u>\$1,325,016</u>	<u>\$82,500</u>	<u>\$266,680</u>	<u>\$349,180</u>	<u>\$1,674,196</u>	<u>\$1,450,248</u>

The attached notes and auditors' report are an integral part of these financial statements.

WOMEN'S PROJECT & PRODUCTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Cash flows from operating activities:		
Change in net assets	(\$605,542)	\$422,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,516	14,737
Unrealized/realized loss/(gain) on investments	259,774	(26,715)
Forgiveness of Paycheck Protection Program loan	(172,155)	(196,372)
Changes in assets and liabilities:		
Contributions and grants receivable	609,387	(462,780)
Prepaid expenses and other assets	(107,155)	37,727
Accounts payable and accrued expenses	138,025	126,787
Deferred revenue	170,000	(67,185)
Deferred rent	(4,779)	(936)
Net cash provided by operating activities	<u>311,071</u>	<u>(152,089)</u>
Cash flows from investing activities:		
Transfers into investment account	(265,000)	(450,000)
Purchases of investments (including reinvested income)	(81,274)	(11,680)
Acquisition of fixed assets	(2,797)	(49,631)
Net cash used for investing activities	<u>(349,071)</u>	<u>(511,311)</u>
Cash flows from financing activities:		
Proceeds from loans	0	322,055
Repayment of loan	(100,000)	0
Net cash (used for)/ provided by financing activities	<u>(100,000)</u>	<u>322,055</u>
Net decrease in cash and cash equivalents	(138,000)	(341,345)
Cash and cash equivalents - beginning of year	<u>256,269</u>	<u>597,614</u>
Cash and cash equivalents - end of year	<u><u>\$118,269</u></u>	<u><u>\$256,269</u></u>
Supplemental data:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

WOMEN'S PROJECT & PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

Women's Project & Productions, Inc. ("the Organization") is a not-for-profit that is dedicated to producing and promoting theater created by women. The Organization produces fully realized productions at McGinn Cazale Theatre, oversees the development of theatrical works-in-progress, and provides a free two-year mentorship lab for emerging and mid-career playwrights, directors, and producers.

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

b. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

c. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions. The Board of Directors of the Organization has established a board designated program reserve fund to ensure long-term stability of the mission, programs, and ongoing operations of the Organization. The reserve is intended to provide an internal source of funds for situations such as a sudden unexpected increase in expenses, unanticipated loss in funding, or uninsured losses. The Board of Directors approves any use of the board funds for cashflow purposes provided that any reduction of the fund as of year-end be separately approved in writing by the board.

Activity in the board designated program reserve fund can be summarized as follows:

	<u>6/30/22</u>	<u>6/30/21</u>
Beginning Balance	\$926,246	\$651,246
Transfers in	105,000	236,605
Interest	67,119	13,548
Net (loss)/gain on investments	<u>(212,195)</u>	<u>24,847</u>
Ending Balance	<u>\$886,170</u>	<u>\$926,246</u>

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by the donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

d. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Organization claimed the Employee Retention Tax Credit ("ERTC") in the amount of \$61,309 and \$234,316, for the years ended June 30, 2022 and 2021, respectively. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filing for qualified wages paid after March 13, 2020 through December 31, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

The Organization accounts for the ERTC as a conditional contribution in accordance with ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the years ended June 30, 2022 and 2021 and the full amount was recognized as revenue during the period referenced.

The Organization's other government grants have been evaluated and are also considered to be conditional contributions under ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met are treated as a liability.

Contributions and grants expected to be received within one year are recorded at net realizable value. Contributions and grants receivable at June 30, 2022 are expected to be received in the following periods:

Year ending:	June 30, 2023	\$455,168
	June 30, 2024	<u>15,000</u>
		<u>\$470,168</u>

Due to its immaterial nature, no discount to present value has been recorded.

The Organization follows the requirements of FASB's ASC 606 for recognizing revenue from contracts with customers. The Organization receives box office, membership, and enhancement/co-production income which falls under ASC 606 and is included in the statement of activities.

Membership income is recognized as the performance obligation is satisfied over the term of the membership period. For box office and enhancement/co-production income, the performance obligation is considered to be met when the production is complete, and the services are performed. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2022. Write-offs will be made in the period the receivable is deemed to be uncollectable.

e. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services, which includes the transfers to and from operations and the board designated fund. Non-operating activities are limited to resources that generate return from investments, as well as the transfers to and from operations and the board designated fund.

f. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held with an investment custodian for long-term purposes.

g. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash accounts, a certificate of deposit, and investments. These have all been placed with financial institutions that management deems to be creditworthy. At times balances may exceed federally insured limits. Investments are subject to market fluctuations and principal is not guaranteed. The Organization has not sustained any losses due to the failure of any financial institution.

h. Investments

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, interest and dividends, and investment fees are included in net gain on investments on the statement of activities.

i. Fixed Assets

Fixed assets consist of leasehold improvements and office equipment that the Organization retains title to which benefit future periods. Fixed assets are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Leasehold improvements – 5-39.5 years

Office equipment – 5-7 years

j. Accrued Vacation

The Organization has not accrued for vacation earned but not yet taken because it is the Organization's policy to not pay out unused time at the end of the year or at the conclusion of employment.

k. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. Rent expense recognized in excess of cash payments is reflected as deferred rent. In future years, when payments exceed the amount of rent recognized as expense, the deferred rent will be reduced until it is zero at the end of the lease.

l. Donated Services

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. See Note 8 for additional details.

m. Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense was \$3,653 and \$6,015 for the years ended June 30, 2022 and June 30, 2021, respectively.

n. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

o. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated by time and effort:

- Salaries

The following costs are allocated based on salary allocations:

- Payroll taxes and employee benefits
- Occupancy costs
- Equipment rental
- Telephone
- Office expenses
- Printing and postage
- Bank and credit card fees
- Insurance
- Miscellaneous
- Dues and subscriptions
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

p. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

q. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2019 and later are subject to examination by applicable taxing authorities.

r. New Accounting Pronouncements

FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2023 year. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 2 - Investments

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

The following summarizes the composition of investments:

	<u>6/30/22</u>	<u>6/30/21</u>
Money funds	\$13,904	\$15,352
Equities:		
Common stock	141,082	0
Structured products	106,575	0
Exchange traded products and closed end funds	178,611	0
Mutual funds – investment grade:		
Fixed income funds	626,771	836,719
US equity stock	<u>159,198</u>	<u>287,570</u>
Total	<u>\$1,226,141</u>	<u>\$1,139,641</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Net gain/(loss) on investments consists of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Unrealized (loss)/gain on investments	(\$256,147)	\$22,700
Realized (loss)/gain on sales of investments	(3,627)	4,015
Investment management fees	<u>(1,308)</u>	<u>(1,868)</u>
Total net (loss)/gain	<u>(\$261,082)</u>	<u>\$24,847</u>

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Leasehold improvements	\$134,518	\$131,721
Office equipment	<u>92,572</u>	<u>92,572</u>
	227,090	224,293
Less: accumulated depreciation	<u>(150,821)</u>	<u>(127,305)</u>
Total fixed assets, net	<u>\$76,269</u>	<u>\$96,998</u>

Note 4 - Paycheck Protection Program Loan

During the years ended June 30, 2021 and 2020, the Organization obtained loans from the Small Business Administration ("SBA") through the Paycheck Protection Program ("PPP"). The loan terms indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions that are not forgiven will be payable over a five-year and two-year period, respectively with a ten-month deferral of payments and interest will accrue at .98%.

The Organization accounts for the PPP loan in accordance with ASC 958-605 as a conditional contribution. The Organization met all conditions for the forgiveness of the first loan during the year ended June 30, 2021 and recognized the entire loan balance of \$196,372. During the year ended June 30, 2022 all of the conditions were met to receive full forgiveness of the second loan and \$172,155 was recognized as revenue.

Note 5 - Loans Payable and Line of Credit

On May 7, 2020, the Organization entered into an interest free loan agreement with another nonprofit organization in the amount of \$100,000. Proceeds were to be used for working capital and other general operating support costs. During the year ended June 30, 2021, the loan maturity was extended to May 31, 2022. The loan balance was paid in full during the year ended June 30, 2022.

The Organization has a line of credit in the amount of \$150,000 that pays interest at a variable rate. The full amount was unused at June 30, 2022 and 2021.

Note 6 - Economic Injury Disaster Loan

In June 2020, the Organization entered into a loan agreement with the SBA in the amount of \$149,900 through the Economic Injury Disaster Loan ("EIDL") Program for working capital. Interest accrues at a rate of 2.75% and monthly payments of principal and interest begin once the deferral period ends, which is 30 months from the date of disbursement. Any remaining balance is due in full by June 13, 2050. The full balance of \$149,900 was outstanding at June 30, 2022 and 2021.

Future principal payments under this loan agreement is as follows:

Year ending:	June 30, 2023	\$0
	June 30, 2024	0
	June 30, 2025	3,450
	June 30, 2026	3,546
	June 30, 2027	3,645
	Thereafter	<u>139,259</u>
Total		<u>\$149,900</u>

Note 7 - Net Assets With Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	<u>June 30, 2022</u>			
	<u>Balance 7/1/21</u>	<u>Contributions</u>	<u>Released from Restriction</u>	<u>Balance 6/30/22</u>
Program restrictions:				
Playwright Residency Program	\$28,1700	\$0	(\$138,700)	\$143,000
Bold Circle Grant	479,167	0	(250,000)	229,167
Shakespeare's Sisters	<u>0</u>	<u>24,350</u>	<u>0</u>	<u>24,350</u>
Total program restrictions	760,867	24,350	(388,700)	396,517
Time restrictions	<u>243,000</u>	<u>85,000</u>	<u>(164,000)</u>	<u>164,000</u>
Total	<u>\$1,003,867</u>	<u>\$109,350</u>	<u>(\$552,700)</u>	<u>\$560,517</u>

	June 30, 2021			
	Balance <u>7/1/20</u>	<u>Contributions</u>	Released from <u>Restriction</u>	Balance <u>6/30/21</u>
Program restrictions:				
Development and production	\$36,933	\$0	(\$36,933)	\$0
Theater renovations and building fund	20,000	0	(20,000)	0
Playwright Residency Program	410,700	0	(129,000)	281,700
Bold Circle Grant	229,167	500,000	(250,000)	479,167
Labs	<u>25,000</u>	<u>0</u>	<u>(25,000)</u>	<u>0</u>
Total program restrictions	721,800	500,000	(460,933)	760,867
Time restrictions	<u>219,000</u>	<u>150,000</u>	<u>(126,000)</u>	<u>243,000</u>
Total	<u>\$940,800</u>	<u>\$650,000</u>	<u>(\$586,933)</u>	<u>\$1,003,867</u>

Note 8 - In-Kind Contributions

In-kind professional services of \$24,500 and \$30,000 were recognized during the years ended June 30, 2022 and 2021, respectively. The related expense has been charged to management and general supporting services in both years and are valued at the standard hourly rates charged for those services.

A substantial amount of other management, administrative, and fundraising duties are performed voluntarily by the Board of Directors. Those services have not been recorded as they do not meet the criteria outlined above.

Note 9 - Commitments and Contingencies

a. Program Audits

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known, and the amount is probable that it will be paid.

b. Commitments

The Organization entered into a sublease agreement in September 2015 for theater space in New York, New York that covered the period through January 31, 2024.

Subsequent to year-end, the sublease was cancelled, and the original lease was assigned directly to the Organization. This lease expires July 30, 2034. Additionally, the Organization entered into a new sublease for a portion of this space for the months of July and August 2022 and 2023.

Future minimum payments due under the terms of the new lease are as follows:

Year ending:	June 30, 2023	\$151,264
	June 30, 2024	186,501
	June 30, 2025	192,096
	June 30, 2026	197,859
	June 30, 2027	203,795
	Thereafter	<u>1,629,667</u>
Total		<u>\$2,561,182</u>

Note 10 - Special Event

Special events for the year ended June 30, 2022 are summarized as follows:

Gross revenue	\$197,039
Less: expenses with a direct benefit to donors	<u>(33,368)</u>
	163,671
Less: other event expenses	<u>(55,984)</u>
Total	<u>\$107,687</u>

Note 11 - Liquidity and Availability of Financial Resources

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on contributions and earned income to fund its operations and program activities.

Financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$118,269
Contributions and grants receivables due within one year	455,168
Investments	<u>1,226,141</u>
Total financial assets	\$1,799,578
Less amounts not available for general expenditures:	
Board designated reserve fund	(886,170)
Program restricted contributions	<u>(396,517)</u>
	<u>(1,282,687)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$516,891</u>

The board designated fund is available for operating expenses as needed and are considered available for general expenditures when amounts are appropriated for spending. In addition, the Organization also has a revolving line of credit of \$150,000 which it could draw upon to help manage unanticipated liquidity needs. The full line of credit was available at June 30, 2022.

Note 12 - Retirement Plan

Effective September 20, 2019, the Organization maintains a tax deferred 401(k) retirement plan on behalf of participating employees. Employees may participate after completing one year of service and reaching the age of 18, by designating a percentage of their salaries, subject to regulatory limits, to the plan on a pre-tax basis. The Organization may provide a discretionary match on employee deferrals.

During the years ended June 30, 2022 and June 30, 2021, the Organization made contributions to the plan that totaled \$13,883 and \$191, respectively.

Note 13 - Multi-Employer Benefit Plan

The Organization participates in several multi-employer benefit plans that provide defined benefits to certain contract labor covered by collective bargaining agreements. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The zone status is based on information that the Organization received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are more than 80 percent funded.

Information on the Equity League Pension Trust Fund as of June 30, 2022 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>RP Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
13-6696817/001	5/31/31	Green	N/A	Varies	<u>\$2,235</u>

Information on the United Scenic Artist Local 829 Pension Fund as of June 30, 2022 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>RP Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
13-1982707/001	12/31/21	Green	N/A	Varies	<u>\$54</u>

Information on the SDC League Pension Fund as of June 30, 2022 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>RP Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
13-6634482/001	8/31/21	Yellow	Implemented*	Varies	<u>\$220</u>

*A funding improvement plan was adopted on July 20, 2016.

Note 14 - Subsequent Events

Subsequent events have been evaluated through December 13, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

Note 15 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.