NEW YORK THEATRE WORKSHOP, INC.
Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

New York Theatre Workshop, Inc.
Table of Contents
June 30, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
New York Theatre Workshop, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of New York Theatre Workshop, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Theatre Workshop, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

withum

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Organization adopted Accounting Standards Update *("ASU") 2016-14*, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Withum Smith+Brown, PC

February 6, 2020

New York Theatre Workshop, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 3,350,007	$ 240,167	$ 3,590,174	$ 3,217,350	$ 447,282	$ 3,664,632
Accounts receivable	63,036	-	63,036	43,531	-	43,531
Unconditional promises to give	346,589	242,500	589,089	384,337	342,000	726,337
Prepaid expenses and other current assets	81,973	-	81,973	394,826	-	394,826
Total current assets	3,841,605	482,667	4,324,272	4,040,044	789,282	4,829,326
Unconditional promises to give	-	174,597	174,597	-	44,275	44,275
Property and equipment, at cost, net of accumulated depreciation	5,073,660	-	5,073,660	5,267,930	-	5,267,930
Bonds and deposits	40,304	-	40,304	51,873	-	51,873
Total assets	$ 8,955,569	$ 657,264	$ 9,612,833	$ 9,359,847	$ 833,557	$ 10,193,404
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	$ 166,926	$ -	$ 166,926	$ 212,297	$ -	$ 212,297
Deferred box office revenue	355,760	-	355,760	578,613	-	578,613
Deferred other revenue	840	-	840	151,473	-	151,473
Total liabilities	523,526	-	523,526	942,383	-	942,383
Commitments and contingencies						
Net Assets						
Without donor restrictions						
Property and equipment, net	5,073,660	-	5,073,660	5,267,930	-	5,267,930
Board - designated:						
General	1,715,287	-	1,715,287	1,550,314	-	1,550,314
Strategic plan	935,663	-	935,663	873,686	-	873,686
Undesignated	707,433	-	707,433	725,534	-	725,534
With donor restrictions	-	657,264	657,264	-	833,557	833,557
Total net assets	8,432,043	657,264	9,089,307	8,417,464	833,557	9,251,021
Total liabilities and net assets	$ 8,955,569	$ 657,264	$ 9,612,833	$ 9,359,847	$ 833,557	$ 10,193,404

The Notes to Financial Statements are an integral part of these statements.

New York Theatre Workshop, Inc.
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue						
Public support						
Government	$ 207,297	$ 53,400	$ 260,697	$ 283,000	$ 214,848	$ 497,848
Corporations	71,875	10,000	81,875	75,452	10,000	85,452
Foundations	544,477	344,423	888,900	702,739	284,761	987,500
Individuals	1,308,694	50,210	1,358,904	1,389,440	35,860	1,425,300
Special events income	1,311,145	-	1,311,145	649,345	-	649,345
Less: direct costs of special events	(458,640)	-	(458,640)	(209,636)	-	(209,636)
Donated services	28,094	-	28,094	155,472	-	155,472
Net assets released from restrictions						
Government	225,000	(225,000)	-	283,000	(283,000)	-
Foundations	345,136	(345,136)	-	172,500	(172,500)	-
Corporations	10,000	(10,000)	-	82,500	(82,500)	-
Individuals	55,000	(55,000)	-	6,500	(6,500)	-
	3,648,078	(177,103)	3,470,975	3,590,312	969	3,591,281
Other revenue						
Box office revenue	2,675,998	-	2,675,998	1,922,435	-	1,922,435
Enhancement revenue	271,584	-	271,584	250,000	-	250,000
Royalty income	165,531	-	165,531	71,636	-	71,636
Shop income	49,250	-	49,250	82,768	-	82,768
Investment income	37,784	810	38,594	23,544	566	24,110
Tuition income	23,369	-	23,369	24,785	-	24,785
Special projects income	21,189	-	21,189	-	-	-
Handling fees	20,384	-	20,384	24,255	-	24,255
Casting income	14,125	-	14,125	44,983	-	44,983
Miscellaneous income	4,450	-	4,450	6,787	-	6,787
Total public support and other revenue	6,931,742	(176,293)	6,755,449	6,041,505	1,535	6,043,040
Expenses						
Program expenses	5,188,554	-	5,188,554	4,834,994	-	4,834,994
Supporting services						
Management and general	969,457	-	969,457	832,218	-	832,218
Fundraising	759,152	-	759,152	733,056	-	733,056
Total supporting services	1,728,609	-	1,728,609	1,565,274	-	1,565,274
Total expenses	6,917,163	-	6,917,163	6,400,268	-	6,400,268
Changes in net assets	14,579 *	(176,293)	(161,714)	(358,763) *	1,535	(357,228)
Net assets						
Beginning of year	8,417,464	833,557	9,251,021	8,776,227	832,022	9,608,249
End of year	$ 8,432,043	$ 657,264	$ 9,089,307	$ 8,417,464	$ 833,557	$ 9,251,021

* Includes depreciation expense of $232,255 (2019) and $248,125 (2018)

The Notes to Financial Statements are an integral part of these statements.

New York Theatre Workshop, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	2019 Total Expenses
Salaries	$ 2,596,178	$ 436,182	$ 435,941	872,123	$ 3,468,301
Payroll taxes	257,151	27,970	27,495	55,465	312,616
Employee benefits	303,359	59,605	47,761	107,366	410,725
Professional fees	284,549	125,442	7,005	132,447	416,996
Production materials and hospitality	525,485	-	10,381	10,381	535,866
Artistic fees	127,913	-	-	-	127,913
Royalties and commissions	88,160	-	-	-	88,160
Advertising and promotion	357,708	21,223	6,119	27,342	385,050
Trucking and storage	23,513	14,953	-	14,953	38,466
Telephone	-	17,964	5,988	23,952	23,952
Postage and shipping	1,268	41,972	3,221	45,193	46,461
Utilities	48,075	27,486	-	27,486	75,561
Facility rental	86,046	-	-	-	86,046
Credit card fees	78,999	245	26,381	26,626	105,625
Direct costs of special events	-	-	458,640	458,640	458,640
Indirect benefit expenses	-	-	75,558	75,558	75,558
Rental and equipment maintenance	116,758	82,376	2,782	85,158	201,916
Printing and publications	18,303	423	7,254	7,677	25,980
Travel and transportation	78,207	7,109	799	7,908	86,115
Dues, conferences and meetings	1,246	14,864	50	14,914	16,160
Insurance	31,638	4,779	-	4,779	36,417
Bad debt expense	-	-	59,075	59,075	59,075
Miscellaneous	-	54,704	7,245	61,949	61,949
Depreciation	163,998	32,160	36,097	68,257	232,255
Total expenses	5,188,554	969,457	1,217,792	2,187,249	7,375,803
Less expenses included with revenues on the statements of activities Direct costs of special events	-	-	(458,640)	(458,640)	(458,640)
	$ 5,188,554	$ 969,457	$ 759,152	$ 1,728,609	$ 6,917,163

The Notes to Financial Statements are an integral part of these statements.

New York Theatre Workshop, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	2018 Total Expenses
Salaries	$ 2,477,640	$ 398,602	$ 373,107	$ 771,709	$ 3,249,349
Payroll taxes	249,507	22,713	21,659	44,372	293,879
Employee benefits	294,892	69,243	46,957	116,200	411,092
Professional fees	249,841	200,921	125,437	326,358	576,199
Production materials and hospitality	391,088	11,031	29,702	40,733	431,821
Artistic fees	60,856	-	-	-	60,856
Royalties and commissions	31,627	-	-	-	31,627
Advertising and promotion	328,916	7,096	35	7,131	336,047
Trucking and storage	41,241	2,733	77	2,810	44,051
Telephone	14,082	4,460	4,173	8,633	22,715
Postage and shipping	7,269	1,976	4,007	5,983	13,252
Utilities	66,983	2,922	2,923	5,845	72,828
Facility rental	36,791	-	-	-	36,791
Credit card fees	61,301	343	23,686	24,029	85,330
Direct costs of special events	-	-	209,636	209,636	209,636
Indirect benefit expenses	-	-	12,007	12,007	12,007
Rental and equipment maintenance	162,546	37,774	19,493	57,267	219,813
Printing and publications	11,360	4,840	9,304	14,144	25,504
Travel and transportation	41,854	7,344	1,135	8,479	50,333
Dues, conferences and meetings	34,107	6,468	10,616	17,084	51,191
Insurance	27,544	8,278	3,884	12,162	39,706
Bad debt expense	-	-	14,150	14,150	14,150
Miscellaneous	59,558	13,462	582	14,044	73,602
Depreciation	185,991	32,012	30,122	62,134	248,125
Total expenses	4,834,994	832,218	942,692	1,774,910	6,609,904
Less expenses included with revenues on the statements of activities					
Direct costs of special events	-	-	(209,636)	(209,636)	(209,636)
	$ 4,834,994	$ 832,218	$ 733,056	$ 1,565,274	$ 6,400,268

The Notes to Financial Statements are an integral part of these statements.

New York Theatre Workshop, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating activities		
Change in net assets	$ (161,714)	$ (357,228)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	232,255	248,125
Donated securities	(219,419)	(197,459)
Change in discount for present value	12,178	(14,848)
Unrealized loss on investments	-	29
Bad debt expense	59,075	14,150
Realized (gain) loss on sale of donated securities	960	(1,932)
Changes in		
Accounts receivable	(19,505)	31,824
Unconditional promises to give	(64,327)	(75,822)
Prepaid expenses and other current assets	312,853	(339,522)
Bonds and deposits	11,569	(16,968)
Changes in		
Accounts payable and accrued expenses	(45,371)	43,984
Deferred box office revenue	(222,853)	103,358
Deferred other revenue	(150,633)	151,473
Net cash used in operating activities	(254,932)	(410,836)
Investing activities		
Property and equipment additions	(37,985)	(274,986)
Proceeds from sale of donated securities	218,459	199,391
Net cash provided by (used in) investing activities	180,474	(75,595)
Net change in cash and cash equivalents	(74,458)	(486,431)
Cash and cash equivalents		
Beginning of year	3,664,632	4,151,063
End of year	$ 3,590,174	$ 3,664,632

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New York Theatre Workshop, Inc. (the "Organization") is a not-for-profit corporation incorporated on February 19, 1982 under the New York State Not-for-Profit Corporation Law. The Organization is the successor to the Stephen Graham Foundation. The Organization was established to promote the appreciation of theatre through theatrical productions, and to engage with artists to explore new dramatic forms.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions - include expendable resources that are used to carry out the Organization's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements. In addition, net assets without donor restrictions include board designated endowment funds and property and equipment used in operations.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that are included in this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions for their restrictions met in the current year. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations, subject to the Organization's spending policy.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Fair Value Measurements

"Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. "Fair Value Measurements and Disclosures" defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price" in an orderly transaction between market participants).

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under "Fair Value Measurements and Disclosures" and the Organization's related types are described below.

Level 1: Quoted prices of identical instruments in active markets.

Level 2: Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contributions and Promises to Give
Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was deemed necessary for the years ended June 30, 2019 and 2018.

Inventory
The Organization maintains certain concession, fabric and scenery inventories of past productions. The Organization is unable to determine future use of such inventory and therefore the concession inventory is expensed when purchased and scenery and costumes inventory are expensed over the run of the public performances of the original show.

Property and Equipment
Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Building, equipment and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

Revenue Recognition and Deferred Revenue
Box office revenue consists of ticket sales and subscription series purchased. Box office revenue is recognized when the performance occurs. The ticket portion of the subscription series is recognized as box office revenue over the number of performances within each series package. The contribution component of the subscription series is recorded upon receipt. Enhancement revenue is recognized in the year that the related production occurs. Shop income is recognized in the period to which the fees relate. Royalty income received for the subsequent productions of the Organization's production is recognized when earned. Tuition income is recognized in the year that the student program takes place. The non-refundable handling fees are recognized as income when the sale takes place. Casting income and miscellaneous income are recognized in the period to which the fees relate. Rental income is earned upon the satisfaction of the terms of short-term leases. Related receivables are unsecured and non-interest bearing. No allowance was deemed necessary for the years ended June 30, 2019 and 2018.

Box office revenue is recognized in the period in which the performance takes place. Advanced rent is reflected as deferred revenue until the terms of the rental agreement have been satisfied. The Organization requires security deposits to hold the rental space.

Advertising Costs
Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2019 and 2018 was $385,050 and $336,047, respectively.

Production Costs
Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. The Organization had no productions that crossed the fiscal years ended June 30, 2019 and June 30, 2018. Therefore, all production costs have been expensed by the respective fiscal years.

Estimates
The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation and amortization, and the present value of unconditional promises to give. Actual results could differ from those estimates.

Tax Status and Uncertain Tax Positions
The Organization 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. 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. The Organization did not recognize any tax related interest and/or penalties in the accompanying financial statements, but would record any such interest and/or penalties as a component of other expense.

New Accounting Pronouncements Adopted in Current Year

During the year ended June 30, 2019, the Organization adopted ASU 2016-14 - Not-for-profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows.

The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their nature and functional classification.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of June 30, 2018 and 2017 are as follows:

	2018			2017		
Net Assets Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented						
Unrestricted	$ 8,417,464	$ -	$ 8,417,464	$ 8,776,227	$ -	$ 8,776,227
Temporarily restricted	-	777,026	777,026	-	776,057	776,057
Permanently restricted	-	56,531	56,531	-	55,965	55,965
Net assets reclassified	$ 8,417,464	$ 833,557	$ 9,251,021	$ 8,776,227	$ 832,022	$ 9,608,249

2. RESTRICTION ON NET ASSETS

Net Assets Without Donor Restrictions

Board-Designated Funds

The Board of Trustees designated certain royalty income to establish a general board-designated fund, which is restricted for cash reserve and capital improvements. Transfers of these funds can only occur with Board approval. During the year ended June 30, 2019, the Board approved a transfer of $19,884 which was used for capital improvements. For the years ended June 30, 2019 and 2018, royalty and interest income allocated to the general board-designated fund was $184,857 and $69,404, respectively. The net increase in the general board-designated fund for the year ended June 30, 2019 was $164,973.

The Board established a strategic plan board-designated fund which is restricted specifically for approved strategic priorities. Transfers of these funds can only occur with Board approval. During the year ended June 30, 2019, the strategic plan board-designated fund was increased by $61,977. During the year ended June 30, 2018, the strategic plan board-designated fund was decreased by $180,042 to cover certain strategic expenses based on planned expansion of certain initiatives. Also, during the year ended June 30, 2018, $131,003 of construction in progress that was deducted from the strategic plan board-designated fund during the year ended June 30, 2017, was reallocated back to the strategic plan board-designated fund and deducted from the general board-designated fund, which is included in the total capital improvements of $404,763, as noted above. The net decrease in the strategic plan board-designated fund for the year ended June 30, 2018 was $(49,039). Investment income earned on the board-designated general fund is added to board-designated general net assets.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	2019	2018
Grants and Contributions (subject to expenditure for specific purpose)		
Future Periods and Programs		
Future productions and programs	$ 250,728	$ 635,751
Time restrictions	367,098	147,000
	617,826	782,751
Less: Discount to present value	(17,903)	(5,725)
	599,923	777,026
Accumulated endowment earnings	7,341	6,531
	607,264	783,557
Donor-Designated Endowments (to be held in perpetuity)		
Working capital reserve fund	50,000	50,000
	50,000	50,000
Total Net Assets With Donor Restrictions	$ 657,264	$ 833,557

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

Financial assets	
Cash and cash equivalents	$ 3,350,007
Accounts receivable	63,036
Unconditional promises to give	346,589
	3,759,632
Liquidity resources	
Unused letters of credit	499,999
Total financial assets and liquidity resources available within one year	$ 4,259,631

The Organization’s cash flows have seasonal variations due to subscriptions series renewals and single tickets sales. To manage liquidity, the Organization sells subscriptions at the beginning of the season to have cash on hand to pay for operating expenditures. The Organization rents its theatres and receives rent, service fees as well as other reimbursable expenses paid by the Organization. In addition, the Organization has pledge campaigns to fund operations and other projects. As described in Note 2, the Organization has $1,715,287 of board designated net assets that could be used for general operating expenses upon approval by the Board of Trustees.

4. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and money market balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. At June 30, 2019, the Organization's uninsured cash and money market balances totaled $1,087,654.

The Organization's cash and cash equivalents in the amount of $1,696,557 at June 30, 2019 is invested in a Fidelity Treasury Fund (the "Fund") which invests approximately 80% of the funds in U.S. Treasury securities and money market funds for the quality, maturity, and diversification of investments. This Fund is not currently insured.

5. CASH AND CASH EQUIVALENTS

Fair Value of Financial Instruments

The fair value and carrying amount of the Organization's cash and cash equivalents as of June 30, 2019 and 2018 was $3,590,174 and $3,664,632, respectively. Cash and cash equivalents carrying amount approximates fair value because of the short maturities of those investments.

Investment Income

Investment income consists of the following for the years ended June 30:

	2019	2018
Interest and dividend income	$ 39,554	$ 22,207
Realized gain (loss) on sale of donated securities	(960)	1,932
Unrealized loss on investments	-	(29)
Total Investment Income	$ 38,594	$ 24,110

6. UNCONDITIONAL PROMISES TO GIVE

When estimating fair value of unconditional promises to give, management considers the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporated into present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Unconditional promises to give to be received after one year are discounted at a rate of 5%. Uncollectible promises are expected to be insignificant.

Unconditional promises to give consist of the following as of June 30, 2019:

As of June 30, 2019	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 346,589	$ -	$ 346,589
With donor restrictions	242,500	192,500	435,000
	589,089	192,500	781,589
Less: discount for present value	-	(17,903)	(17,903)
	$ 589,089	$ 174,597	$ 763,686

Unconditional promises to give consist of the following as of June 30, 2018:

As of June 30, 2018	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 384,337	$ -	$ 384,337
With donor restrictions	342,000	50,000	392,000
	726,337	50,000	776,337
Less: discount for present value	-	(5,725)	(5,725)
	$ 726,337	$ 44,275	$ 770,612

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Life/Years	2019	2018
Buildings and improvements	39-40	$ 7,650,471	$ 7,616,586
Equipment and fixtures	3-7	1,240,856	1,236,756
		8,891,327	8,853,342
Less: accumulated depreciation		(3,817,667)	(3,585,412)
		$ 5,073,660	$ 5,267,930

Depreciation expense for the years ended June 30, 2019 and 2018 was $232,255 and $248,125, respectively.

Improvements and equipment include certain amounts funded by the New York City Department of Cultural Affairs (the “DCA”). There are restrictions on the capitalized expenditures funded by the DCA (Note 9b).

8. LINE OF CREDIT

The Organization has a revolving line of credit in the amount of $499,999 with a financial institution, with a fluctuating rate per annum equal to the prime rate plus 1% (5.25% as of June 30, 2019). The rate cannot be less than 3.25%. The bank has filed a UCC1 against the Organization's assets. The line of credit expires on July 6, 2020. The Organization has a thirty day clean up provision annually. As of June 30, 2019 and 2018, no amounts were outstanding.

9. COMMITMENTS AND CONTINGENCIES

a) Government supported programs are subject to audit by the granting agency.

b) On October 11, 2005, the Organization purchased, for a nominal amount, a building from the New York City Department of Housing Preservation and Development. The building, located at 72 East 4th Street, was valued at $530,000 and is reflected in these financial statements. The sale was made as part of the creation of an official New York City Fourth Arts Block Cultural District, which includes the sale of six city-owned buildings to cultural organizations. Each building has an enforcement mortgage to ensure that it will remain a cultural building in perpetuity.

   The Organization's building was renovated and became their scenic shop, costume shop and production office in 2012.

The project was managed by the DCA. The DCA spent $3,205,987, which is included within buildings and improvements (Note 7). DCA's investment of capital funding obligates the Organization to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by New York City. The Organization is obligated to operate as a non-profit entity and shall not transfer ownership or control over the equipment without the DCA's prior written consent.

c) The Organization contributes to four multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, the vast majority of the multiemployer plans to which it contributes are adequately funded under the applicable provisions of the Pension Protection Act enacted in 2006 (PPA). Two of these funds are in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any. Under applicable law upon its ceasing to make contributions to, or other "withdrawal" from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization's proportionate share of the plan's unfunded vested liabilities.

The Organization believes that under such circumstances, if a Fund were to seek to assess such contribution obligation upon the Organization's alleged "withdrawal," the Organization would have significant defenses against such assessment under applicable law. The Organization cannot determine at this time the impact that any alleged withdrawal from the affected plans may have on the financial position, results of operations or cash flows.

Approximately 13% of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was $156,301 and $155,508, for the years ended June 30, 2019 and 2018, respectively.

The Organization posts bonds under certain collective bargaining agreements and all obligations continue until the closing of a production.

d) The Organization is obligated under employment agreements with key employees, which provide for minimum annual payments as follows as of June 30, 2019:

For the year ending June 30, 2020	$	347,820
" " " " June 30, 2021		263,160
Total	$	610,980

e) The Organization entered into a 3-year license agreement with an internet-based ticketing system provider. The agreement has a renewal option for 1 year. The Organization may terminate this agreement for any reason with written notice of at least 1 month (first 2 years without penalty and early termination fees). Per the agreement, the internet-based ticketing system provider is entitled to a minimum annual charge of $18,000 (for the first 2 years and $24,000 for the third year) and 1.5% of sales in excess of a certain level.

f) The Organization has been named in several workers compensation claims for personal injuries sustained at premises leased or owned by the Organization. Management believes that its insurance coverage will be sufficient to cover any claim which may be realized.

10. EMPLOYEE BENEFIT PLAN

The Organization has a non-contributory 403(b) defined contribution pension plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. No contributions were made during the years ended June 30, 2019 and 2018.

11. DONATED SERVICES

The Organization received donated professional services during the years ended June 30, 2019 and 2018 in the amount of $28,094 and $155,472, respectively, in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements.

12. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-08, *Not-for-Profit Entities*, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for resource recipients for fiscal years beginning after December 15, 2020.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2022.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied using a retrospective transition method to each period presented.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customer. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods beginning after December 15, 2018 (fiscal year 2019) and interim periods beginning after December 15, 2019 (fiscal year June 30, 2020). The ASU is to be applied retrospectively or using a cumulative effect transition method. Early adoption is permitted.

The Organization is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

13. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expense include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include occupancy, depreciation, which are allocated on a square footnote basis, as well as salaries, employee benefits, payroll taxes, office expense, insurance, and other, which are allocated on the basis of estimates of time and effort.

14. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 6, 2020, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in the financial statements.