

NEW YORK THEATRE WORKSHOP, INC.
Financial Statements
June 30, 2024 and 2023
With Independent Auditor's Report

New York Theatre Workshop, Inc.
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of New York Theatre Workshop, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

WithumSmith+Brown, PC

January 31, 2025

New York Theatre Workshop, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 5,685,322	\$ 1,422,923	\$ 7,108,245	\$ 5,425,395	\$ 1,531,454	\$ 6,956,849
Accounts receivable	102,863	-	102,863	526,632	-	526,632
Employee Retention Credit receivable	291,174	-	291,174	291,174	-	291,174
Unconditional promises to give, current portion	406,000	874,000	1,280,000	468,181	784,000	1,252,181
Royalty and net profit participation receivable	470,526	-	470,526	492,769	-	492,769
Prepaid expenses and other current assets	82,172	-	82,172	400,914	-	400,914
Total current assets	7,038,057	2,296,923	9,334,980	7,605,065	2,315,454	9,920,519
Unconditional promises to give, net of current portion	-	-	-	-	702,018	702,018
Property and equipment, net of accumulated depreciation	4,637,666	-	4,637,666	4,767,391	-	4,767,391
Bonds and deposits	69,734	-	69,734	69,313	-	69,313
Total assets	<u>\$ 11,745,457</u>	<u>\$ 2,296,923</u>	<u>\$ 14,042,380</u>	<u>\$ 12,441,769</u>	<u>\$ 3,017,472</u>	<u>\$ 15,459,241</u>
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	\$ 743,628	\$ -	\$ 743,628	\$ 369,995	\$ -	\$ 369,995
Deferred box office revenue	304,713	-	304,713	509,062	-	509,062
Other deferred revenue	5,000	-	5,000	5,000	-	5,000
Total liabilities	1,053,341	-	1,053,341	884,057	-	884,057
Net assets						
Without donor restrictions						
Property and equipment, net	4,637,666	-	4,637,666	4,767,391	-	4,767,391
Board - designated	5,801,902	-	5,801,902	6,455,770	-	6,455,770
Undesignated	252,548	-	252,548	334,551	-	334,551
	10,692,116	-	10,692,116	11,557,712	-	11,557,712
With donor restrictions	-	2,296,923	2,296,923	-	3,017,472	3,017,472
Total net assets	10,692,116	2,296,923	12,989,039	11,557,712	3,017,472	14,575,184
Total liabilities and net assets	<u>\$ 11,745,457</u>	<u>\$ 2,296,923</u>	<u>\$ 14,042,380</u>	<u>\$ 12,441,769</u>	<u>\$ 3,017,472</u>	<u>\$ 15,459,241</u>

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

New York Theatre Workshop, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023

	2024					2023				
	Without Donor Restrictions			With Donor Restrictions		Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Board Designated	Total	Restrictions	Total	Undesignated	Board Designated	Total	Restrictions	Total
Operating activities										
Public support and other revenue										
Public support										
Government	\$ 172,550	\$ -	\$ 172,550	\$ -	\$ 172,550	\$ 188,570	\$ -	\$ 188,570	\$ 20,000	\$ 208,570
Corporations	168,506	-	168,506	-	168,506	121,228	-	121,228	-	121,228
Foundations	833,703	-	833,703	350,647	1,184,350	699,940	-	699,940	588,514	1,288,454
Individuals	1,780,836	-	1,780,836	81,250	1,862,086	1,543,279	-	1,543,279	182,228	1,725,507
Special events revenue	844,963	-	844,963	-	844,963	1,381,130	-	1,381,130	-	1,381,130
Less: Costs of direct benefit to donors	(233,873)	-	(233,873)	-	(233,873)	(166,097)	-	(166,097)	-	(166,097)
Special events revenue, net	611,090	-	611,090	-	611,090	1,215,033	-	1,215,033	-	1,215,033
Contributions of non-financial assets	32,610	-	32,610	-	32,610	41,388	-	41,388	-	41,388
Transfer to cover expenses	66,800	(66,800)	-	-	-	140,000	(140,000)	-	-	-
Net assets released from restrictions										
Foundations	254,506	-	254,506	(254,506)	-	343,193	-	343,193	(343,193)	-
Individuals	880,228	-	880,228	(880,228)	-	500,000	-	500,000	(500,000)	-
Government	20,000	-	20,000	(20,000)	-	49,500	-	49,500	(49,500)	-
Total public support	4,820,829	(66,800)	4,754,029	(722,837)	4,031,192	4,842,131	(140,000)	4,702,131	(101,951)	4,600,180
Other revenue										
Box office revenue	1,655,066	-	1,655,066	-	1,655,066	2,001,868	-	2,001,868	-	2,001,868
Enhancement revenue and co-production revenue	1,113,680	-	1,113,680	-	1,113,680	1,309,449	-	1,309,449	-	1,309,449
Royalty and net profit participation income	903,592	66,800	970,392	-	970,392	847,790	140,000	987,790	-	987,790
Investment income	264,936	-	264,936	2,288	267,224	200,688	-	200,688	1,437	202,125
Tuition income	33,095	-	33,095	-	33,095	20,300	-	20,300	-	20,300
Miscellaneous income	31,057	-	31,057	-	31,057	51,897	-	51,897	-	51,897
Shop income	26,410	-	26,410	-	26,410	19,937	-	19,937	-	19,937
Handling fees	14,710	-	14,710	-	14,710	15,402	-	15,402	-	15,402
Total public support and other revenue	8,863,375	-	8,863,375	(720,549)	8,142,826	9,309,462	-	9,309,462	(100,514)	9,208,948
Expenses										
Program services	7,594,365	-	7,594,365	-	7,594,365	8,065,249	-	8,065,249	-	8,065,249
Supporting services										
Management and general	1,229,093	-	1,229,093	-	1,229,093	1,070,521	-	1,070,521	-	1,070,521
Fundraising	905,513	-	905,513	-	905,513	862,400	-	862,400	-	862,400
Total supporting services	2,134,606	-	2,134,606	-	2,134,606	1,932,921	-	1,932,921	-	1,932,921
Total expenses	9,728,971	-	9,728,971	-	9,728,971	9,998,170	-	9,998,170	-	9,998,170
Changes in net assets before non-operating activities	(865,596) *	-	(865,596)	(720,549)	(1,586,145)	(688,708) *	-	(688,708)	(100,514)	(789,222)
Non-operating activities										
Allocation to/from board-designated funds	653,868	(653,868)	-	-	-	1,096,565	(1,096,565)	-	-	-
Reserve for Employee Retention Credit	-	-	-	-	-	(613,153)	-	(613,153)	-	(613,153)
Total non-operating activities	653,868	(653,868)	-	-	-	483,412	(1,096,565)	(613,153)	-	(613,153)
Changes in net assets	(211,728)	(653,868)	(865,596)	(720,549)	(1,586,145)	(205,296)	(1,096,565)	(1,301,861)	(100,514)	(1,402,375)
Net assets										
Beginning of year	5,101,942	6,455,770	11,557,712	3,017,472	14,575,184	5,307,238	7,552,335	12,859,573	3,117,986	15,977,559
End of year	\$ 4,890,214	\$ 5,801,902	\$ 10,692,116	\$ 2,296,923	\$ 12,989,039	\$ 5,101,942	\$ 6,455,770	\$ 11,557,712	\$ 3,017,472	\$ 14,575,184

* Includes depreciation expense of \$211,728 (2024) and \$205,296 (2023)

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

New York Theatre Workshop, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Supporting Services				Cost of Direct Benefit to Donors	Total Expenses
	Program Services	Management and General	Fundraising	Total		
Salaries	\$ 3,603,782	\$ 590,655	\$ 611,307	\$ 1,201,962	\$ 23,098	\$ 4,828,842
Payroll taxes	358,208	26,919	35,333	62,252	2,769	423,229
Employee benefits	481,480	120,473	101,582	222,055	-	703,535
Professional fees	283,232	291,118	3,736	294,854	16,680	594,766
Production materials and hospitality	999,261	-	-	-	188,826	1,188,087
Artistic fees	232,100	-	-	-	2,500	234,600
Royalties and commissions	276,170	-	-	-	-	276,170
Advertising and promotion	364,304	1,660	9,723	11,383	-	375,687
Trucking and storage	69,228	11,581	701	12,282	-	81,510
Telephone	18,550	5,713	6,607	12,320	-	30,870
Postage and shipping	569	1,562	2,450	4,012	-	4,581
Utilities	93,339	3,611	3,045	6,656	-	99,995
Facility rental	11,268	-	-	-	-	11,268
Credit card fees	110,635	52	-	52	-	110,687
Indirect benefit expenses	-	-	42,493	42,493	-	42,493
Rental and equipment maintenance	319,038	98,806	43,557	142,363	-	461,401
Printing and publications	14,229	-	-	-	-	14,229
Travel and transportation	127,256	12,219	-	12,219	-	139,475
Dues, conferences and meetings	10,519	4,620	2,826	7,446	-	17,965
Insurance	36,730	13,881	5,214	19,095	-	55,825
Miscellaneous	26,375	20,312	9,214	29,526	-	55,901
Depreciation	<u>158,092</u>	<u>25,911</u>	<u>27,725</u>	<u>53,636</u>	<u>-</u>	<u>211,728</u>
Total expenses	7,594,365	1,229,093	905,513	2,134,606	233,873	9,962,844
Less: Expenses included with revenues on the statements of activities						
Direct costs of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,873)</u>	<u>(233,873)</u>
	<u>\$ 7,594,365</u>	<u>\$ 1,229,093</u>	<u>\$ 905,513</u>	<u>\$ 2,134,606</u>	<u>\$ -</u>	<u>\$ 9,728,971</u>

The Notes to Financial Statements are an integral part of this statement.

New York Theatre Workshop, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Supporting Services				Cost of Direct Benefit to Donors	Total Expenses
	Program Services	Management and General	Fundraising	Total		
Salaries	\$ 3,590,619	\$ 519,335	\$ 551,270	\$ 1,070,605	\$ -	\$ 4,661,224
Payroll taxes	372,853	30,381	30,429	60,810	-	433,663
Employee benefits	513,509	96,992	92,200	189,192	-	702,701
Professional fees	365,953	185,956	2,652	188,608	24,473	579,034
Production materials and hospitality	1,016,296	-	-	-	134,277	1,150,573
Artistic fees	349,321	-	-	-	-	349,321
Royalties and commissions	196,373	-	-	-	-	196,373
Advertising and promotion	277,248	6,086	2,300	8,386	7,347	292,981
Trucking and storage	66,029	6,981	140	7,121	-	73,150
Telephone	19,160	5,901	6,824	12,725	-	31,885
Postage and shipping	1,896	3,694	3,332	7,026	-	8,922
Utilities	100,785	3,653	2,662	6,315	-	107,100
Facility rental	56,997	-	-	-	-	56,997
Credit card fees	110,527	2,396	-	2,396	-	112,923
Indirect benefit expenses	-	-	74,799	74,799	-	74,799
Rental and equipment maintenance	405,060	83,098	59,532	142,630	-	547,690
Printing and publications	18,670	-	-	-	-	18,670
Travel and transportation	377,494	9,219	-	9,219	-	386,713
Dues, conferences and meetings	7,937	13,325	2,396	15,721	-	23,658
Insurance	36,141	11,279	3,438	14,717	-	50,858
Miscellaneous	24,240	69,351	6,145	75,496	-	99,736
Depreciation	158,141	22,874	24,281	47,155	-	205,296
Total expenses	8,065,249	1,070,521	862,400	1,932,921	166,097	10,164,267
Less: Expenses included with revenues on the statements of activities						
Direct costs of special events	-	-	-	-	(166,097)	(166,097)
	<u>\$ 8,065,249</u>	<u>\$ 1,070,521</u>	<u>\$ 862,400</u>	<u>\$ 1,932,921</u>	<u>\$ -</u>	<u>\$ 9,998,170</u>

The Notes to Financial Statements are an integral part of this statement.

New York Theatre Workshop, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Changes in net assets	\$ (1,586,145)	\$ (1,402,375)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	211,728	205,296
Noncash contributions of securities	(885,511)	(955,047)
Change in discount for present value	(71,982)	(105,264)
Proceeds from sale of contributed securities	885,511	955,047
Reserve for Employee Retention Credit	-	613,153
Changes in assets and liabilities		
Accounts receivable	423,769	(509,997)
Unconditional promises to give	746,181	731,492
Royalty and net profit participation receivable	22,243	(52,176)
Prepaid expenses and other current assets	318,742	(348,885)
Bonds and deposits	(421)	58,809
Accounts payable and accrued expenses	373,633	(147,598)
Deferred box office revenue	(204,349)	32,569
Other deferred revenue	-	(1,000)
Net cash provided by (used in) provided by operating	<u>233,399</u>	<u>(925,976)</u>
Investing activity		
Property and equipment additions	<u>(82,003)</u>	<u>(256,563)</u>
Net cash used in investing activity	<u>(82,003)</u>	<u>(256,563)</u>
Net change in cash and cash equivalents	151,396	(1,182,539)
Cash and cash equivalents		
Beginning of year	<u>6,956,849</u>	<u>8,139,388</u>
End of year	<u>\$ 7,108,245</u>	<u>\$ 6,956,849</u>

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

New York Theatre Workshop, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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 in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

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:

Net assets without donor restrictions: net assets that 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.

Net assets 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 affect 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. 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.

Measure of Operations

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations provides a presentation that depicts the matter in which the Organization manages its financial activities. Nonoperating activities include the allocation of board designated funds in addition to a current reserve for Employee Retention Credit and amounts recognized in the current year that related to prior year activity for Employee Retention Credit income.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less.

New York Theatre Workshop, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

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 net assets without donor restrictions, unless the investment return has been restricted by a donor and the restriction is not met in the year of receipt, which will result in the investment return being shown as with donor restrictions.

The Organization received donated securities during the year, and it is the Organization's policy to sell upon receipt. All securities were sold as of June 30, 2024 and 2023.

Unconditional Promises to Give

When estimating the fair value of unconditional promises to give, management considers their relationship with the 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. 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.

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.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense for the years ended June 30, 2024 and 2023 was \$375,687 and \$292,981, 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, 2024 and 2023. Therefore, all production costs have been expensed in the respective fiscal years.

New York Theatre Workshop, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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, functional allocation of expenses, 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.

Revenue and Support Recognition

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. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. 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 and grants 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.

Special Events Revenue

Special events revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is initially recognized as a conditional contribution when received and reported as a refundable advance on the statements of financial position and is then recognized as revenue when the condition is met, which is when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

Revenue from Contracts with Customers

The Organization accounts for box office revenue, enhancement revenue, royalty income, and net profit participation income, as exchange transactions in the statements of activities. Revenues from contracts with customers are treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities (shown as deferred box office revenue and other deferred revenue) in the statements of financial position.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization performs the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation.

New York Theatre Workshop, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The following summarizes the Organization's performance obligations:

Box Office Revenue

Box office revenue represents the sums actually paid for individual tickets of admission to a production of the Organization. Tickets and the related fees are non-refundable at the time of receipt, unless a performance is cancelled. The Organization estimates the number of cancellations and records a reserve if deemed material. The Organization allows for exchanges under certain circumstances for tickets of equal or lesser value. The total yearly adjustment for exchanged tickets is immaterial to the Organization. Tickets purchased in advance are recorded as deferred box office revenue by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Box office revenue is recognized at a specific point in time, which is when the performance related to the ticket is complete.

Enhancement Revenue and Co-production Revenue

Enhancement revenue represents revenue received by the Organization to produce and present plays and musicals. The Organization receives non-returnable fees which are recognized at specific points in time based on the terms of the agreements. In addition, the Organization receives income as reimbursement for production costs which is recognized when the Organization's obligations are met under the terms of the agreements.

Royalty and Net Profit Participation Income

Royalty and net profit participation income are received by the Organization as the original producer of certain productions that have subsequently moved to other venues. The Organization receives a royalty based on the other production's gross box office income or minimum weekly royalty. In addition, if the other production has recouped its production costs, the Organization may receive a percentage of net income based on the original terms under the enhancement agreement. Royalty and net profit participation income are recognized at a specific point in time, which is based on the other production's performance income.

The timing of revenue recognition, billings and cash collections results in accounts receivable, royalty and net profit participation receivable and contract liabilities, which are shown as deferred revenue, on the statements of financial position. Accounts receivable as of June 30, 2024 and 2023 were \$102,864 and \$526,632, respectively. Royalty and net profit participation receivable as of June 30, 2024 and 2023 were \$611,210 and \$492,769, respectively. Contract liabilities as of June 30, 2024 and 2023 were \$309,713 and \$514,062, respectively. Contract liabilities are shown as deferred box office revenue and other deferred revenue on the statements of financial position. For comparison purposes, the opening balances at July 1, 2022 for accounts receivable was \$16,635, royalty and net profit participation receivable was \$440,593 and deferred box office revenue and other deferred revenue was \$482,493, respectively.

Other revenues are obtained from investment income and miscellaneous income. These revenues are used to offset program, management and general and fundraising expenses. Revenue from these sources are recognized when earned.

Accounting Pronouncement Adopted in Current Year

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure and other financial instruments recorded at amortized cost. The Organization adopted the new standard effective July 1, 2023, using the modified retrospective approach. The adoption of this standard was evaluated and did not have a material impact on the financial statements.

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Notes to Financial Statements
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Reclassifications

Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The changes have had no effect on the net assets of the Organization.

2. RESTRICTION ON NET ASSETS

Net Assets Without Donor Restrictions

Board-Designated Funds

The Board of Trustees on an annual basis designates certain royalty income to establish a general board-designated fund, which is restricted for cash reserves and capital improvements. Investment income earned on the board-designated general fund is added to board-designated net assets. Transfers of these funds can only occur with Board approval.

The Board established a strategic plan board-designated fund which is restricted specifically for approved strategic priorities to cover strategic expenses based on planned expansion of certain initiatives. Transfers of these funds can only occur with Board approval.

Changes in board-designated net assets are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Board-designated funds		
General fund		
Board-designated net assets, beginning of year	\$ 4,312,416	\$ 3,364,404
Royalty and net profit participation income	66,800	140,000
Transfer to cover royalty and net profit participation income	970,392	948,012
Transfer to cover expenses	<u>(66,800)</u>	<u>(140,000)</u>
Board-designated net assets, end of year	<u>\$ 5,282,808</u>	<u>\$ 4,312,416</u>
Strategic plan fund		
Board-designated net assets, beginning of year	\$ 2,143,354	\$ 4,187,931
Board transfer in current year	(970,392)	(948,012)
Operating surplus (deficit)	<u>(653,868)</u>	<u>(1,096,565)</u>
Board-designated net assets, end of year	<u>\$ 519,094</u>	<u>\$ 2,143,354</u>
Total board-designated funds	<u>\$ 5,801,902</u>	<u>\$ 6,455,770</u>

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Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Grants and contributions		
Time restrictions	\$ 1,234,268	\$ 1,771,246
Future productions and programs	<u>1,000,509</u>	<u>1,186,368</u>
	2,234,777	2,957,614
Accumulated endowment earnings	<u>12,146</u>	<u>9,858</u>
	2,246,923	2,967,472
Donor-designated endowments (to be held in perpetuity)		
Working capital reserve fund	<u>50,000</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 2,296,923</u>	<u>\$ 3,017,472</u>

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 5,685,322	\$ 5,425,395
Accounts receivable	102,863	526,632
Employee Retention Credit receivable	291,174	291,174
Unconditional promises to give, current portion	<u>406,000</u>	<u>468,181</u>
Total financial assets	6,485,359	6,711,382
Add liquidity resources: Unused line of credit	<u>-</u>	<u>499,999</u>
Total financial assets and liquidity resources available within one year	<u>\$ 6,485,359</u>	<u>\$ 7,211,381</u>

The Organization's cash flows have seasonal variations due to subscriptions series renewals and single tickets sales, and the Organization has pledge campaigns to fund operations and other projects. To manage liquidity, as described in Note 2, the Organization has approximately \$5,800,000 of board-designated net assets that could be used for general operating expenses upon approval by the Board.

4. CONCENTRATION OF CREDIT RISK

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial position, results of operations, and cash flows.

The Organization's cash and cash equivalents in the amount of \$4,788,930 and \$4,328,972 at June 30, 2024 and 2023, respectively, 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.

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5. UNCONDITIONAL PROMISES TO GIVE

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

<u>As of June 30, 2024</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Without donor restrictions	\$ 406,000	\$ -	\$ 406,000
With donor restrictions	874,000	-	874,000
	<u>\$ 1,280,000</u>	<u>\$ -</u>	<u>\$ 1,280,000</u>

<u>As of June 30, 2023</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Without donor restrictions	\$ 468,181	\$ -	\$ 468,181
With donor restrictions	784,000	774,000	1,558,000
	1,252,181	774,000	2,026,181
Less: Discount to present value	-	(71,982)	(71,982)
	<u>\$ 1,252,181</u>	<u>\$ 702,018</u>	<u>\$ 1,954,199</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>Life/Years</u>	<u>2024</u>	<u>2023</u>
Buildings and improvements	39-40	\$ 8,148,987	\$ 8,042,301
Equipment and fixtures	3-7	1,011,856	1,306,094
		9,160,843	9,348,395
Less: Accumulated depreciation		(4,523,177)	(4,626,934)
		4,637,666	4,721,461
Construction in progress		-	45,930
		<u>\$ 4,637,666</u>	<u>\$ 4,767,391</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$211,728 and \$205,296, respectively.

Building and improvements include \$3,205,987 funded by the New York City Department of Cultural Affairs ("DCLA"). DCLA'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 DCLA's prior written consent.

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7. 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% (9.00% and 9.25% as of June 30, 2024 and 2023). The rate cannot be less than 3.25%. The bank has filed a UCC1 against the Organization's assets. The line of credit expired on July 4, 2024 and is in the process of being renewed. The Organization has a thirty-day clean up provision annually. During the years ending June 30, 2024 and 2023 there were no drawdowns on the line of credit. As of June 30, 2024 and 2023, no amounts were outstanding.

8. COMMITMENTS AND CONTINGENCIES

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization contributes to five 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"). Three 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 16% and 11% of the Organization's employees and contractors are participants in multiemployer plans for the years ended June 30, 2024 and 2023, respectively. Pension and welfare expense for multiemployer plans was \$228,892 and \$259,944, for the years ended June 30, 2024 and 2023, respectively.

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

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- c) The Organization is obligated under employment agreements with key employees, which provide for minimum annual payments as of June 30, 2024 as follows:

June 30, 2025	\$ 298,412
June 30, 2026	218,400
June 30, 2027	227,136
June 30, 2028	236,221
June 30, 2029	<u>122,836</u>
	<u>\$ 1,103,005</u>

- d) 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 claims which may be realized.

9. 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, 2024 and 2023.

10. CONTRIBUTIONS OF NON FINANCIAL ASSETS

The Organization received contributed nonfinancial assets comprised of services during the years ended June 30, 2024 and 2023 in support of its programs and operations. Donated services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. There were no donor-imposed restrictions. Amounts recognized in the statements of activities are as follows:

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions</u>	<u>Valuation</u>	<u>2024</u>	<u>2023</u>
Professional services	Legal services	Standard industry pricing for similar services	\$ <u>32,610</u>	\$ <u>41,388</u>

11. 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 and detailed within the statements of functional expenses. 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 expenses 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 insurance and depreciation which are allocated by usage, as well as salaries, employee benefits, and payroll taxes which are allocated on the basis of estimates of time and effort.

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12. EMPLOYEE RETENTION CREDITS

The Organization has applied for the Employee Retention Credit in the amount of \$1,170,427. The receivable for the credit applied for is \$291,174 as of June 30, 2024 and 2023. Subsequent to June 30, 2024, the Organization received \$291,174. In addition, Employee Retention Credit receivables totaling \$613,153 (for the 2nd and 3rd quarter of 2021) were fully reserved during the year ended June 30, 2023, since collectability is uncertain.

13. CONCENTRATION OF CONTRIBUTIONS

As of June 30, 2024 and 2023, 59% and 75% of unconditional promises to give were from one donor of which 100% is restricted for future programs.

14. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 31, 2025, the date the financial statements were available to be issued. Management has determined that there are no subsequent events that require adjustment to or disclosure in the financial statements, except for the disclosure in Note 12.