MANHATTAN THEATRE CLUB, INC. AND SUBSIDIARY
Consolidated Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Manhattan Theatre Club, Inc. and Subsidiary:

Opinion

We have audited the consolidated financial statements of Manhattan Theatre Club, Inc. (the "Organization") and MTC Productions, Inc. (the "Subsidiary"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization and Subsidiary as of June 30, 2022 and 2021, and the changes in their consolidated net assets and their consolidated 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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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 consolidated 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 consolidated 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 and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization and Subsidiary'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

December 19, 2022

Manhattan Theatre Club, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 8,362,841	$ 2,785,090	$ 11,147,931	$ 10,105,417	$ 2,648,830	$ 12,754,247
Accounts receivable	5,649	-	5,649	33,427	-	33,427
Unconditional promises to give	4,387,209	3,560,153	7,947,362	3,858,440	4,558,475	8,416,915
Prepaid expenses and other current assets	103,628	-	103,628	686,150	-	686,150
Total current assets	12,859,327	6,345,243	19,204,570	14,683,434	7,207,305	21,890,739
Unconditional promises to give, net of current portion	3,245,130	1,031,126	4,276,256	5,051,725	1,436,235	6,487,960
Estimated amounts due from split-interest agreements	-	172,637	172,637	-	172,637	172,637
Investments	9,933,141	1,664,458	11,597,599	6,572,337	1,800,843	8,373,180
Property and equipment, at cost, net of accumulated depreciation and amortization	51,074,526	-	51,074,526	58,260,691	-	58,260,691
Restricted certificate of deposit	123,423	-	123,423	117,806	-	117,806
Security deposits	68,373	-	68,373	68,373	-	68,373
Total assets	$ 77,303,920	$ 9,213,464	$ 86,517,384	$ 84,754,366	$ 10,617,020	$ 95,371,386
Liabilities and Net Assets						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	$ 1,098,919	$ -	$ 1,098,919	$ 296,440	$ -	$ 296,440
PPP2 loan payable	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Deferred compensation plan payable	102,383	-	102,383	563,341	-	563,341
Deferred ticket revenue	2,426,657	-	2,426,657	2,054,753	-	2,054,753
Deferred revenue - other	166,637	-	166,637	251,763	-	251,763
PPP1 loan payable	-	-	-	2,118,731	-	2,118,731
Total current liabilities	5,794,596	-	5,794,596	7,285,028	-	7,285,028
Vacation payable	327,518	-	327,518	395,240	-	395,240
Capital lease obligation	32,498,101	-	32,498,101	38,478,135	-	38,478,135
Total liabilities	38,620,215	-	38,620,215	46,158,403	-	46,158,403
Net assets						
Without donor restrictions						
Property and equipment, net of capital lease obligation	18,576,425	-	18,576,425	19,782,556	-	19,782,556
Board designated	20,107,280	-	20,107,280	18,813,407	-	18,813,407
Total net assets without donor restrictions	38,683,705	-	38,683,705	38,595,963	-	38,595,963
With donor restrictions	-	9,213,464	9,213,464	-	10,617,020	10,617,020
Total net assets	38,683,705	9,213,464	47,897,169	38,595,963	10,617,020	49,212,983
Total liabilities and net assets	$ 77,303,920	$ 9,213,464	$ 86,517,384	$ 84,754,366	$ 10,617,020	$ 95,371,386

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

Manhattan Theatre Club, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities						
Other revenue and public support						
Other revenue						
Box office and subscription income	$ 8,434,461	$ -	$ 8,434,461	$ -	$ -	$ -
Subsidiary rights and royalty income	207,091	-	207,091	38,328	-	38,328
Rental income	185,757	-	185,757	-	-	-
Education income	138,948	-	138,948	65,261	-	65,261
Facility fee income	118,782	-	118,782	-	-	-
Other income	30,618	-	30,618	27,043	-	27,043
Spending policy distribution	447,734	-	447,734	473,564	-	473,564
Performance disruption insurance proceeds	-	-	-	2,500,000	-	2,500,000
Total other revenue	9,563,391	-	9,563,391	3,104,196	-	3,104,196
Public support - contributions of financial assets						
Shuttered Venue Operators Grant income	6,759,281	-	6,759,281	-	-	-
Government	103,400	-	103,400	71,950	80,000	151,950
Foundations	1,555,355	575,978	2,131,333	1,104,528	513,350	1,617,878
Corporations	226,600	-	226,600	194,292	34,158	228,450
Individuals	2,300,147	1,650,429	3,950,576	1,531,440	2,522,714	4,054,154
Fundraising events	1,948,727	-	1,948,727	1,322,462	-	1,322,462
Less: Direct costs of fundraising events	(376,208)	-	(376,208)	(70,236)	-	(70,236)
Fundraising events, net	1,572,519	-	1,572,519	1,252,226	-	1,252,226
Contributions of non-financial assets	20,490	-	20,490	1,219	-	1,219
Net assets released from time and purpose restriction						
Individuals	2,843,525	(2,843,525)	-	1,674,093	(1,674,093)	-
Foundations	314,875	(314,875)	-	896,166	(896,166)	-
Corporations	25,000	(25,000)	-	77,537	(77,537)	-
Government	80,000	(80,000)	-	-	-	-
Total public support	15,801,192	(1,036,993)	14,764,199	6,803,451	502,426	7,305,877
Total other revenue and public support	25,364,583	(1,036,993)	24,327,590	9,907,647	502,426	10,410,073
Expenses						
Program services	23,132,388	-	23,132,388	6,304,912	-	6,304,912
Supporting services						
Management and general	1,859,215	-	1,859,215	1,508,032	-	1,508,032
Fundraising	2,647,406	-	2,647,406	1,746,796	-	1,746,796
Total supporting services	4,506,621	-	4,506,621	3,254,828	-	3,254,828
Total expenses	27,639,009	-	27,639,009	9,559,740	-	9,559,740
Changes in net assets before Non-operating activities	(2,274,426) *	(1,036,993)	(3,311,419)	347,907 *	502,426	850,333
Non-operating activities						
Investment income (loss)	(2,148,241)	(99,993)	(2,248,234)	1,321,127	185,860	1,506,987
PPP1 loan forgiveness	2,118,731	-	2,118,731	-	-	-
Shuttered Venue Operators Grant income	1,240,719	-	1,240,719	-	-	-
Spending policy distribution	(411,342)	(36,392)	(447,734)	(413,834)	(59,730)	(473,564)
Capital campaign expenses	-	-	-	(110,325)	-	(110,325)
Capital contributions						
Individuals	1,007,473	4,650	1,012,123	5,209,555	13,250	5,222,805
Government	-	-	-	-	100,000	100,000
Foundations	-	320,000	320,000	-	125,000	125,000
Net assets released from purpose restriction						
Government	554,828	(554,828)	-	-	-	-
Total non-operating activities	2,362,168	(366,563)	1,995,605	6,006,523	364,380	6,370,903
Changes in net assets	87,742	(1,403,556)	(1,315,814)	6,354,430	866,806	7,221,236
Net assets						
Beginning of year	38,595,963	10,617,020	49,212,983	32,241,533	9,750,214	41,991,747
End of year	$ 38,683,705	$ 9,213,464	$ 47,897,169	$ 38,595,963	$ 10,617,020	$ 49,212,983

	2022	2021
* Includes depreciation of $1,656,867 (2022) and $876,213 (2021)		
Changes in net assets before depreciation and non-operating activities	$ (617,559)	$ 1,224,120

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

Manhattan Theatre Club, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 7,724,356	$ 870,054	$ 1,055,296	$ 1,925,350	$ 9,649,706
Benefits and payroll taxes	2,502,936	249,123	282,103	531,226	3,034,162
Artistic fees	1,633,615	-	-	-	1,633,615
Advertising, press and marketing	4,463,440	-	619,406	619,406	5,082,846
Direct costs of fundraising events	-	-	376,208	376,208	376,208
Professional fees	550,412	51,732	152,869	204,601	755,013
Direct physical production	1,596,250	-	-	-	1,596,250
Production and development	107,084	-	-	-	107,084
Education fees	61,957	-	-	-	61,957
Rent and other occupancy charges	1,391,085	143,546	177,653	321,199	1,712,284
Maintenance and utilities	591,674	203,047	44,479	247,526	839,200
Security	190,396	3,937	5,905	9,842	200,238
Insurance	240,146	48,029	32,019	80,048	320,194
Bad debt expense	-	-	28,500	28,500	28,500
Dues, fees and subscriptions	127,889	19,116	39,434	58,550	186,439
Office supplies and equipment	24,885	9,788	15,233	25,021	49,906
Printing, copying and postage	66,623	8,574	13,743	22,317	88,940
Telephone, computers and internet	65,048	25,784	38,675	64,459	129,507
Travel, meals and housing	406,801	6,283	25,285	31,568	438,369
Miscellaneous	62	58,719	9,151	67,870	67,932
Depreciation and amortization	1,387,729	161,483	107,655	269,138	1,656,867
Total expenses	23,132,388	1,859,215	3,023,614	4,882,829	28,015,217
Less: Expenses included with revenues on the consolidated statements of activities					
Direct costs of fundraising events	-	-	(376,208)	(376,208)	(376,208)
	$ 23,132,388	$ 1,859,215	$ 2,647,406	$ 4,506,621	$ 27,639,009

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

Manhattan Theatre Club, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 2,738,094	$ 842,992	$ 796,037	$ 1,639,029	$ 4,377,123
Benefits and payroll taxes	630,882	204,462	186,118	390,580	1,021,462
Artistic fees	339,261	-	-	-	339,261
Advertising, press and marketing	216,259	-	317,736	317,736	533,995
Direct costs of fundraising events	-	-	70,236	70,236	70,236
Professional fees	135,041	95,452	40,712	136,164	271,205
Direct physical production	27,721	-	-	-	27,721
Production and development	38,309	-	-	-	38,309
Education fees	20,524	-	-	-	20,524
Rent and other occupancy charges	649,421	151,253	226,880	378,133	1,027,554
Maintenance and utilities	424,863	56,898	59,956	116,854	541,717
Security	10,817	1,975	2,962	4,937	15,754
Insurance	127,822	25,564	17,043	42,607	170,429
Bad debt expense	-	-	12,400	12,400	12,400
Dues, fees and subscriptions	87,215	14,380	24,951	39,331	126,546
Office supplies and equipment	13,842	5,537	8,305	13,842	27,684
Printing, copying and postage	7,790	1,588	4,336	5,924	13,714
Telephone, computers and internet	30,485	12,114	18,171	30,285	60,770
Travel, meals and housing	4,510	5,450	622	6,072	10,582
Miscellaneous	10	45,867	900	46,767	46,777
Depreciation and amortization	802,046	44,500	29,667	74,167	876,213
Total expenses	6,304,912	1,508,032	1,817,032	3,325,064	9,629,976
Less: Expenses included with revenues on the consolidated statements of activities					
Direct costs of fundraising events	-	-	(70,236)	(70,236)	(70,236)
	$ 6,304,912	$ 1,508,032	$ 1,746,796	$ 3,254,828	$ 9,559,740

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

Manhattan Theatre Club, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating and non-operating activities		
Changes in net assets	$ (1,315,814)	$ 7,221,236
Adjustments to reconcile change in net assets to		
net cash provided by operating and non-operating activities		
Depreciation and amortization expense	1,656,867	876,213
Donated securities	(298,723)	(348,286)
Realized loss on sale of donated securities	103	2,819
Unrealized loss (gain) on investments	2,348,966	(909,398)
Change in discount for present value of unconditional promises	(219,669)	(532,330)
Bad debt expense	28,500	12,400
PPP1 loan forgiveness	(2,118,731)	-
Changes in assets and liabilities		
Accounts receivable	27,778	54,829
Unconditional promises to give	2,872,426	(1,047,203)
Prepaid expenses and other current assets	582,522	(390,038)
Security deposits	-	(3,173)
Accounts payable and accrued expenses	802,479	(312,657)
Salaries and other payroll related payables	-	(213,727)
Deferred compensation plan payable	(460,958)	143,306
Deferred ticket revenue	371,904	1,642,796
Deferred revenue - other	(85,126)	39,410
Vacation payable	(67,722)	31,568
Net cash provided by operating and non-operating activities	4,124,802	6,267,765
Investing activities		
Proceeds from sale of investments and donated securities	1,248,766	345,467
Purchase of investments	(6,523,531)	(1,199,406)
Purchase of property and equipment	(582,608)	(24,913)
Net cash used in investing activities	(5,857,373)	(878,852)
Financing activities		
Capital lease obligation	131,872	(57,414)
PPP2 loan proceeds received	-	2,000,000
Payments on line of credit	-	(3,500,000)
Net cash provided by (used in) investing activities	131,872	(1,557,414)
Net change in cash and cash equivalents	(1,600,699)	3,831,499
Cash, cash equivalents and restricted cash		
Beginning of year	12,872,053	9,040,554
End of year	$ 11,271,354	$ 12,872,053
Supplemental Disclosure		
Cash paid for interest (line of credit)	$ -	$ 18,977
Non-Cash Activities		
Capitalization of lease liability	$ -	$ 38,402,473
Modification of capitalization of lease liability	$ (6,111,906)	$ 38,402,473

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

For almost 50 years, Manhattan Theatre Club, Inc. (the "Organization") has been a preeminent, not-for-profit producer of the highest quality, award-winning theatrical productions. Under the leadership of Artistic Director Lynne Meadow and Executive Producer Barry Grove, the Organization has made enormous contributions to the American theatre, and has been led by this dynamic team from its origins as a small, vibrant off-off-Broadway theatre to its status as a distinguished and vital New York institution.

The mission of the Organization, since 1972, has been to produce innovative theatre of the highest quality by American and international playwrights, with a focus on presenting New York, American, and world premieres. The Organization encourages excellence by identifying and working with the most talented professionals in every aspect of production. Each season, the Organization presents a repertoire of entertaining and thought-provoking plays and musicals in our three theatres. The Organization's emphasis on excellence extends to every aspect of the company: from the gifted permanent staff; to a supportive and committed Board of Directors; to a vibrant Education program, which connects with students, igniting young imaginations by providing personalized theatrical experiences; to a first-rate internship program, which prepares the next generation of theatre professionals for jobs at the Organization and beyond; to an inspired behind-the-scenes developmental program for new plays and musicals. The Organization is committed to equity, diversity, and inclusion in every aspect of its work both on and off the stage. The Organization believes that equity, diversity and inclusion should be essential elements of all activity within the Organization. The Organization is proud to be a preeminent theatre in one of the most diverse cities in America and strives to represent that both on and off-stage. The Organization has made it a priority to create and maintain an environment that is attractive to and supportive of all individuals regardless of their ethnicity, race, gender identity, age, national origin, religion, disability, sexual orientation, socioeconomic status, education, marital status, language, military or veteran status.

The Organization's productions occur at the Samuel J. Friedman Theatre (the "Friedman Theatre") and New York City Center 55th Street Theatre, which includes Stages I and II (the "City Center" or "Stages I or II"). Due to the impacts of COVID-19, the Organization temporarily ceased in-person theatrical performances on March 12, 2020 and resumed in-person theatrical performances on October 12, 2021.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Manhattan Theatre Club, Inc., and its wholly owned subsidiary, MTC Productions, Inc. (the "Subsidiary"). The Subsidiary was formed in 1991 as a New York state corporation. The Subsidiary was formed to co-produce extended productions of the Organization's plays beyond the Organization's performances. These productions occur in other Broadway theatres, national tours, London and across the world. All intercompany balances and transactions have been eliminated upon consolidation.

Basis of Accounting

The consolidated financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America ("U.S. GAAP") and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization and Subsidiary'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 and Subsidiary's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization and Subsidiary or may be limited by contractual agreements with side parties. In addition, net assets without donor restrictions include board-designated 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 and Subsidiary 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 and Subsidiary, including gifts and pledges wherein donors stipulate that the corpus of the gift to be held in perpetuity and that only the income may be made available for operations, subject to the Organization's spending policy.

The Organization and Subsidiary include in their definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. This measure of operations provides a presentation that depicts the matter in which the Organization and Subsidiary manage their financial activities. Capital and investment activities and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as non-operating activities.

Cash and Cash Equivalents

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

Investments

Substantially all of the Organization's investments are invested in the Rockefeller Balanced Fund (the "Partnership"). The Partnership is a New York limited partnership which was established on May 1, 1985 and invests in such projects, enterprises, or securities (including partnership interests), without limitation, as determined by Rockefeller & Co., LLC (formerly named Rockefeller & Co., Inc.) (the "Managing Partner" or "General Partner").

The Partnership is scheduled to terminate on December 31, 2110. The General Partner serves as the advisor to the Partnership and as such, at its discretion, may contract other trading advisors to serve as sub-advisors to the Partnership. The current investment objective of the Partnership is to invest globally in fixed income securities, large and small capitalization equities, and unquoted securities as a limited partner through other partnerships (the "Portfolio Funds").

Since substantially all of the Organization's investments are invested in the Partnership, the Partnership's investment policy is included within these disclosures in order to provide further detail on how fair value has been determined by the Partnership. Purchases and sales of investments are recorded on a trade date basis. Realized gains and losses from investments in Portfolio Funds are recorded when the Partnership receives distributions noted as such or distributions in excess of return of capital from the Portfolio Funds.

Dividend income is recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are recorded as soon as the Partnership has determined the ex-dividend date. Dividend income from investments are recorded as earned. Investments in securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the closing price on the day of valuation or, if no sales occurred on such day, at the mean of the “bid” and “ask” price at the close of business on such day.

Investments in mutual funds are valued at the net asset value as of the close of each business day. Fixed income securities acquired over 60 days to maturity are valued using the last bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Interest income is recorded as earned.

The Partnership’s total net assets are valued at approximately $404 million (per December 31, 2021 audited financial statements) stated at fair value which has been estimated by the General Partner in the absence of readily ascertainable market values. The Organization’s allocated share of these investments as of June 30, 2022 and 2021 was $8,799,548 and $8,009,839, respectively.

These fair values are based on the Partnership’s net contributions and the Partnership’s allocated share of the undistributed profits and losses, including realized and unrealized gains and losses based on the financial information provided by the fund managers or general partners. The fair value relating to underlying investments may have been estimated by the respective management in the absence of readily ascertainable market values.

The Partnership’s investments may involve varying degrees of credit risk, foreign exchange risk, and market, industry, or geographic concentration risk for the Partnership. While the General Partner monitors and attempts to manage these risks, the varying degrees of transparency of information and potential liquidity of the investments may hinder the General Partner’s ability to effectively monitor, manage and mitigate these risks.

Fair Value Measurements

Investments are reflected within the consolidated statements of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value included in investment income within the consolidated statements of activities in accordance with authoritative guidance on fair value measurements and disclosures under U.S. GAAP.

Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price). In accordance with GAAP, the Organization discloses the fair value of its investments in a hierarchy which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The Partnership is an investment company in accordance with Accounting Standards Codification (“ASC”) 946, *Financial Services - Investment Companies*, which defines investment companies and prescribes specialized accounting and reporting requirements for investment companies. For investments held by the Partnership, the Partnership is permitted, as a practical expedient, to estimate the fair value of investments in certain entities based on net asset value per share or its equivalent if the net asset value of such investments is calculated in a manner consistent with the measurement principles of ASC 946.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access. The type of investments which would generally be included in Level 1 include listed equity securities and listed derivatives. The Partnership, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Partnership holds a large position, and a sale could reasonably impact the quoted price.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.

Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Partnership's own assumptions for investments held by the Partnership, about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available. The types of investments which would generally be included in this category include debt and equity securities issued by private entities. The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

An investment in the Partnership is subject to considerable risks, many of which are described in the Partnership's Confidential Private Placement Memorandum. Certain events particular to each company or industry in which the Partnership invests, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Partnership's investments. There may also be risk associated with the concentration of investments in one geographic region or in a certain industry.

The Partnership's investment activities were also subject to other types of risks, including, but not limited to, the following:

Liquidity Risk - The Partnership is subject to liquidity risk to the extent a Portfolio Fund has withdrawal restrictions or the ability to suspend or impose gates on the Partnership's withdrawals.

Market Risk - The Partnership invests in various investment securities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the net asset value of the Partnership and the amounts reported in the Partnership's financial statements.

Credit and Counterparty Risk - The Partnership's investments expose it to credit and counterparty risk, which is the risk that a counterparty to a financial instrument or unsettled or open transactions will cause a financial loss to the other party by failing to discharge an obligation. Financial assets, which potentially expose the Partnership to credit risk, consist principally of cash due from counterparties and investments. The risk of default is considered minimal, as delivery of securities sold is only made once confirmation of payment has been received, payment is released on a purchase only once the securities have been delivered, and the trade will fail if either party fails to meet its obligation. Additionally, the Partnership places its cash and cash equivalents with high credit quality institutions and minimizes its credit exposure through the use of formal credit policies and monitoring procedures.

The extent of the Partnership's exposure to credit and counterparty risks in respect of these financial assets approximates their carrying value as recorded in the Partnership's financial statements.

Currency Risk - The Partnership invests in financial instruments and enters into transactions denominated in currencies other than the United States dollar, the Partnership's functional currency.

Consequently, the Partnership may be exposed to risks that the foreign exchange rate of an investment's currency relative to the Partnership's functional currency may change in a manner that has an adverse effect on the value of that portion of Partnership's assets or liabilities denominated in currencies other than the functional currency. Management monitors the foreign currency positions, and they are periodically reviewed by the Managing Partner.

Foreign Markets Risk - The Partnership invests in securities of foreign companies, which involve special risks and considerations not typically associated with investing in United States companies. Investments in these foreign companies involve risks including but not limited to adverse political, social, and economic developments in other countries, as well as risks resulting from the differences between the regulations to which issuers and markets are subject in different countries. These risks may include expropriation of assets, confiscatory taxations, withholding taxes on dividends and interest paid on Partnership investments, currency exchange controls, and other limitations on the use or transfer of Partnership assets and political or social instability. Moreover, securities of foreign companies and their markets may be less liquid and their prices more volatile than those of comparable United States companies.

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 $10,000 (per project). Lesser amounts are expensed. Property and equipment 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 year of acquisition and disposal. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements. 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.

Production Costs
Production costs are capitalized at cost and are amortized over the performances of the production. The Organization has established a policy that production costs will be amortized over the run of the production. In addition, if the production runs less than two weeks into the new fiscal year, all the production costs are recognized in the current fiscal year. The Organization did not have any productions for the years ended June 30, 2022 and 2021 that had performances cross fiscal years.

The Organization maintains certain scenery and costume inventories of past productions. The Organization is unable to determine future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original show. The Organization may also hold unsold auction items at any point during the year. These items are not valued for financial statement purposes as the fair value is unknown.

Advertising Costs
Advertising costs are charged to operations at the time the advertising occurs, 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, 2022 and 2021 was $3,670,580 and $111,216, respectively, which is included in advertising, press andmarketing on the consolidated statements of functional expenses.

Estimates
The preparation of consolidated financial statements in accordance with accounting principles generally accepted 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 consolidated financial statements include depreciation, present value of unconditional promises to give and reserve for uncollectible promises to give. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in Current Year
In 2022, the Organization and Subsidiary adopted the provisions of Accounting Standards Update ("ASU") 2021-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This pronouncement did not have a significant impact on these consolidated financial statements.

Tax Status and Uncertain Tax Positions
The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation.

The Subsidiary is a for-profit corporation subject to federal and state income taxes on net income, if any. As of June 30, 2022 and 2021, the Subsidiary had approximately $411,000 and $412,000, respectively, in net operating losses carried forward, which expire each year through 2041. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

The Organization and Subsidiary believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. There are no income tax related penalties and interest included in these consolidated financial statements.

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. 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. 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.

Revenue from contracts with customers - The Organization accounts for box office and subscription income, facility fee income, subsidiary rights and royalty income and education income as exchange transactions in the consolidated statements of activities and changes in net assets. Revenue 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 and recorded as deferred income in the consolidated statements of financial position.

Other revenues are obtained from rental income, investment, and other income. These revenues are used to offset program, management, and general, and fundraising expenses. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

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.

The following summarizes the Organization's performance obligations:

Box Office and Subscription Income

Box office and subscription income represent the sums actually paid for individual tickets of admission ("ticket sales") to a production of the Organization including handling and other fees. Tickets 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. Handling and other fees are non-refundable at the time of receipt. 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 contract liabilities by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Box office and subscription income is recognized at a specific point in time, which is when the performance related to the ticket is complete.

Facility Fee Income

Facility fees represent the income received as an additional charge at the time of sale when purchasing a ticket. These charges are used for facility upkeep, processing and/or printing the individual ticket of admission to a production of the Organization. These fees are non-refundable at the time of receipt. Facility fee income is recognized at a specific point in time, which is when the performance related to the ticket sale income is complete.

Fundraising benefits

Fundraising benefit 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 recognized as a conditional contribution when received and reported as a refundable advance on the statement of financial position and is 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 statement of financial position. Revenue from the exchange portion is recognized at a point in time, at the date of the event held.

Other Exchange Transactions

Education income and subsidiary rights and royalty income are recognized in the period the performance takes place or the period to which the fees relate.

The timing of revenue recognition, billings and cash collections results in contract liabilities. Contract liabilities as of June 30, 2022 and 2021 were $2,593,294 and $2,306,516, respectively, and are reflected as deferred ticket revenue and deferred revenue - other on the consolidated statements of financial position. The opening balances at July 1, 2020 for accounts receivable were $88,256, deferred ticket revenue and deferred revenue - other were $624,310.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. DESIGNATIONS AND RESTRICTIONS ON NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions include board designated funds and property and equipment¸ net of capital lease obligation.

Board-Designated Net Assets

The board established funds to provide long-term stability to the Organization with annual cash flows from investment income to be used to fund ongoing operations, to provide cash reserves for operations and to provide fellowships, stipends, and other assistance to aspiring theatre professionals. Board designated net assets as of June 30, 2022 and 2021 is $20,107,280 and $18,813,407, respectively.

Property and Equipment, Net of Capital Lease Obligation

This reflects all transactions related to property, equipment, and construction in progress. Property and equipment net assets as of June 30, 2022 and 2021 is $18,576,425 and $19,782,556, respectively.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes as of June 30:

	2022	2021
Grants and contributions		
Future periods and programs		
Restricted for use in future periods	$ 3,317,628	$ 4,448,011
Equipment and improvements projects (Note 12e)	2,287,469	2,842,297
Commissions of science and technology plays	905,103	240,000
New playwright commissions	566,206	454,972
Education programs	322,600	378,700
Stage II general support	150,000	150,000
Production of new plays	-	302,197
Excess investment income	-	136,385
	7,549,006	8,952,562
Donor-designated endowments		
MTC Endowment Funds	661,958	661,958
Production Reserve Fund	500,000	500,000
Kaplan Fund	275,000	275,000
Education Endowment Fund	100,000	100,000
Jeffcoat Fund	77,500	77,500
Lucille Lortel Fund	50,000	50,000
	1,664,458	1,664,458
	$ 9,213,464	$ 10,617,020

The Organization's endowment consists of several donor-restricted endowment funds established for specific purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

MTC Endowment Funds

As part of the capital campaign to restore and acquire the Friedman Theatre, the Organization received permanent endowment grants from the Horace W. Goldsmith Foundation in the amount of $500,000 and $50,000 from the Fan Fox and Leslie R. Samuels Foundation. Additional funds of $111,958 were added to this fund as a result of interest income from loans made to operations. The investment earnings on the $500,000 are governed by the terms of the grant; the balance of the fund's investment earnings is governed by the Organization's endowment investment policy.

Production Reserve Fund

The Organization received a grant from the Lila Wallace - Reader's Digest Fund for the establishment of a cash reserve fund in the amount of $500,000. The Organization may draw upon the principal of the reserve fund exclusive to extending a production either in the Organization's own facility or elsewhere in New York City, provided however, that within 24 months from the date of the withdrawal, the amount withdrawn will be restored either from the proceeds of the extended productions and disposition of subsidiary rights or the Organization's general operating funds. The investment earnings from this fund are governed by the Organization's endowment investment policy.

Kaplan Fund
The Organization received these funds from the Rita J. and Stanley H. Kaplan Family Foundation Inc. for the establishment of an endowment. The investment earnings from this fund are restricted by the donor for use to support the Paul A. Kaplan Theatre Management program.

Education Endowment Fund
The Organization received these funds from the Littauer Foundation for the establishment of an endowment fund in the amount of $100,000. The investment earnings from this fund are to be used to fund the education program.

Jeffcoat Fund
Donations received in memory of the Organization's founding chairman, A.E. Jeffcoat, were established as an endowment fund in his name. The investment earnings from this fund are to be used for the development of new plays.

Lucille Lortel Fund
A bequest received from the estate of Lucille Lortel required the establishment of an endowment fund in the amount of $50,000. The investment earnings are restricted to assist new playwrights.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;
b. The purposes of the Organization and the donor-restricted endowment fund;
c. General economic conditions;
d. The possible effect of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. Other resources of the Organization; and
g. The investment policy of the Organization.

Return Objectives and Risk Parameters
The Organization has adopted investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment/Working Capital and Spending Policy

The percentage allowed to be utilized towards the Organization's operations within the Organization's endowment/working capital policy is based on 5% of the average value of the prior 20 quarters of held investments. Any net excess in investment earnings over the spending policy on net assets with donor restrictions is reflected within net assets with donor restrictions, with any losses reducing the net assets with donor restrictions. Net excess investment income from endowment funds is reflected within net assets with donor restrictions as of June 30, 2022 and 2021.

Changes in endowment assets are as follows for the years ended June 30:

	2022 With Donor Restrictions	2021 With Donor Restrictions
Endowment net assets, beginning of year	$ 1,664,458	$ 1,664,458
Net investment income (loss)	(99,993)	185,860
Accumulated endowment earnings	136,385	(126,130)
Appropriation for spending	(36,392)	(59,730)
Endowment net assets, end of year	$ 1,664,458	$ 1,664,458

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022 and 2021, 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:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 8,362,841	$ 10,105,417
Accounts receivable	5,649	33,427
Unconditional promises to give	4,387,209	3,858,440
Total financial assets and liquidity resources available within one year	$ 12,755,699	$ 13,997,284

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. In addition, the Organization has pledge campaigns to fund operations and other projects. The Organization has approximately $9.9M of board-designated investments that can be used for general operating expenses upon approval by the Board of Trustees. As described in Note 2, the Organization's endowment funds consist of donor-restricted endowments. The Organization's policy provides for an annual distributions from board-designated and endowment funds for operating purposes.

4. CONCENTRATION OF CREDIT RISK AND RESTRICTED CASH

The Organization and Subsidiary maintain cash, cash equivalents and money market balances at several financial institutions, which at times exceed the insured limit. Financial instruments which potentially subject the Organization and Subsidiary to concentrations of credit risk include cash and cash equivalents, money market funds, investments, and unconditional promises to give. The Organization and Subsidiary have not experienced and do not expect to experience any losses in these accounts and do not believe they are exposed to any significant credit risk on cash and cash equivalents.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

As of June 30, 2022 and 2021, the Organization held a restricted certificate of deposit of $123,423 and $117,806, respectively, which is pledged as collateral to meet requirements of the Actors' Equity Association Union agreements. The certificate of deposit was fully insured by the FDIC as of June 30, 2022 and 2021.

5. FAIR VALUE

Fair Values Measured on Recurring Basis

Fair value of assets measured on a recurring basis at June 30, 2022 and 2021 consists of fixed income funds, stocks, mutual funds, and alternative investments. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Certain investments that are measured at fair value using the net asset value per share practical expedient have not been categorized in the fair value hierarchy. There were no changes in investment leveling methodology for the years ended June 30, 2022 and 2021. In addition, there were no transfers between investment leveling classifications during the years ended June 30, 2022 and 2021. There were no transfers out of Level 3 in the fair value table to investments measured at net present value using the practical expedient.

Investments consist of the following as of June 30, 2022:

	Fair Value				Cost
	Level 1	Level 2	Level 3	Total	Total
As of June 30, 2022					
Cash and cash equivalents	$ -	$ 34,156	$ -	$ 34,156	$ 33,833
Fixed income	-	457,637	-	457,637	479,691
Common stock	-	6,971,532	-	6,971,532	7,361,494
Mutual funds	-	2,327,630	-	2,327,630	2,303,217
	$ -	$ 9,790,955	$ -	$ 9,790,955	$ 10,178,235

	NAV	Cost
Investments measured at net asset value (1)	$ 1,806,644	$ 1,789,528
	$ 1,806,644	$ 1,789,528

Investments consist of the following as of June 30, 2021:

	Fair Value				Cost
	Level 1	**Level 2**	**Level 3**	**Total**	**Total**
As of June 30, 2021					
Cash and cash equivalents	$ -	$ 35,428	$ -	$ 35,428	$ 26,962
Common stock	-	4,013,097	-	4,013,097	3,054,079
Mutual funds	-	2,693,836	-	2,693,836	2,073,569
	$ -	$ 6,742,361	$ -	$ 6,742,361	$ 5,154,610

	NAV	**Cost**
Investments measured at net asset value (1)	$ 1,630,819	$ 1,241,099
	$ 1,630,819	$ 1,241,099

(1) In accordance with subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following table lists investments measured using the practical expedient by class and investment strategy as well as the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Strategies	**2022 Valuation**	**2021 Valuation**	**Unfunded Commitments**	**Redemption Frequency**
Global dividend growth	$ 1,230,990	$ 978,348	None	Monthly
U.S. small cap equities	284,259	501,753	None	Monthly
Private equity/venture	291,395	150,718	None	Not permitted
	$ 1,806,644	$ 1,630,819		

Global Dividend Growth Strategy is to seek current income and long-term growth of the partners' invested capital. The Portfolio Funds may invest primarily in common stocks of large, established companies headquartered both within the U.S. and outside the U.S. which are expected to generate cash flow sufficient to pay dividends or engage in share repurchases.

The investment objective of the U.S. Small Cap Equities Strategy is to achieve a high rate of return on the partners' invested capital principally through capital gains rather than dividends or interest income.

Private Equity/Venture Capital funds seek to develop, negotiate, and acquire equity positions primarily in early stage start-up and emerging firms and small businesses with perceived long-term growth potential. Strategy generally invests in venture capital primarily in small, early, innovative technology-based companies with high growth potential.

Investment Income (Loss)

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

	2022	2021
Interest and dividend income	$ 102,400	$ 600,608
Realized loss on sale of donated securities	(103)	(2,819)
Unrealized (loss) gain on investments	(2,348,966)	909,398
Investment fees	(1,565)	(200)
	$ (2,248,234)	$ 1,506,987

6. PROMISES TO GIVE

Unconditional Promises to Give

When estimating 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 incorporates the information into a value measurement computed using 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. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

Unconditional promises to give consist of the following as of June 30, 2022:

	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 4,437,209	$ 3,445,000	$ 7,882,209
With donor restrictions	3,560,153	1,103,627	4,663,780
	7,997,362	4,548,627	12,545,989
Less: Reserve for uncollectible	(50,000)	-	(50,000)
Less: Discount for present value	-	(272,371)	(272,371)
	$ 7,947,362	$ 4,276,256	$ 12,223,618

Unconditional promises to give consist of the following as of June 30, 2021:

	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 3,908,440	$ 5,450,000	$ 9,358,440
With donor restrictions	4,558,475	1,530,000	6,088,475
	8,466,915	6,980,000	15,446,915
Less: Reserve for uncollectible	(50,000)	-	(50,000)
Less: Discount for present value	-	(492,040)	(492,040)
	$ 8,416,915	$ 6,487,960	$ 14,904,875

The balances as of June 30, 2022 include $4,000,000 from two contributors due in annual installments of $1,000,000 through June 30, 2024.

Conditional Promises to Give

The Organization has been informed of various intentions and bequests which have not been reflected in the consolidated financial statements since they do not represent unconditional promises to give.

7. ESTIMATED AMOUNTS DUE FROM SPLIT-INTEREST AGREEMENTS

Pursuant to the provisions of certain wills, certain charitable remainder trusts and unitrusts were established for the benefit of individuals with the Organization named as a remainder beneficiary.

Estimated amounts due from split-interest agreements consist of the following as of June 30:

2022		2021	
Approximate Value of Trust Principal	Estimated Fair Value of Remainder Trusts	Approximate Value of Trust Principal	Estimated Fair Value of Remainder Trusts
$ 400,000	$ 172,637	$ 400,000	$ 172,637

The amounts reflected as the Organization's remainder interest may be reduced if provisions of the governing trust permit distributions to income beneficiaries in excess of trust earnings or if earnings assumptions are not met. Receivables from split-interest agreements are recorded at estimated present value using applicable incremental borrowing rates at the date the contributions are made. Estimated amounts due as of June 30, 2022 and 2021 are reported as with donor restriction.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	Life/Years	2022	2021
Condominium Unit - 43rd Street (Creative Center and administrative offices) (Note 11)	34	$ 32,290,567	$ 38,402,473
Friedman Theatre	40	18,938,797	18,938,797
Improvements - City Center (Stages I and II)	5-21	4,944,042	4,944,042
Improvements - Friedman Theatre	40	4,726,542	4,253,897
Land - Friedman Theatre	n/a	3,064,351	3,064,351
Improvements - 43rd Street (Creative Center and administrative offices)	4-15	2,033,583	1,947,842
Equipment	3-10	1,663,837	1,639,615
Furniture and fixtures	7	337,511	337,511
		67,999,230	73,528,528
Less: Accumulated depreciation and amortization		(16,924,704)	(15,267,837)
		$ 51,074,526	$ 58,260,691

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $1,656,867 and $876,213, respectively.

Any funds received by New York City Department of Cultural Affairs ("DCA") towards property and equipment require additional restrictions as to use and holding periods for any item funded (see Note 12e).

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

The following comprises the cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total reported in the consolidated statements of cash flows for the years ended June 30, 2022 and 2021, respectively:

	2022	2021
Cash and cash equivalents	$ 11,147,931	$ 12,754,247
Restricted certificate of deposit	123,423	117,806
	$ 11,271,354	$ 12,872,053

10. PAYCHECK PROTECTION PROGRAM LOANS

On May 2, 2020, the Organization issued an unsecured promissory note (the "PPP1 Loan") for $2,118,731 through programs established through the Paycheck Protection Program ("PPP") under the CARES Act (the "Loans") and administered by the U.S. Small Business Administration (the "SBA"). The PPP1 Loan was guaranteed by the SBA. On November 20, 2021, the Organization was informed that its application for forgiveness of $2,118,731 of the PPP1 Loan was approved. Accordingly, the Organization recorded as forgiveness of debt of which $2,118,731 relates to expenses incurred during the year ended June 30, 2021, which is shown in non-operating activities in the accompanying consolidated statements of activities.

On March 31, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for $2,000,000 through the PPP established under the CARES Act and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. The Organization received notice of forgiveness of PPP2 subsequent to June 30, 2022 and will record the forgiveness of the loan as a gain on extinguishment in fiscal year 2023.

11. CAPITAL LEASE OBLIGATION

During the year ended June 30, 2021, the Organization modified their operating lease agreement for their Creative Center and Administrative Offices (43rd Street) (8th and 9th floors) to a Condominium Unit Agreement ("Condo Agreement") which closed on June 30, 2021. At the end of the Condo Agreement, May 31, 2055, the title to the unit reverts to the landlord. Since the present value of the payments under the Condo Agreement is greater than 90% of the asset's fair market value, the Condo Agreement has been capitalized and recorded by the Organization as an asset with a corresponding liability. The amount of $38,402,473 was reflected as Condominium Unit within property and equipment (See Note 8) with a corresponding capital lease obligation as if June 30, 2021. During the year ended June 30, 2022, the Organization negotiated further adjustments to minimum annual payments (approximately $9M) and the lease was modified, therefore, Condominium Unit within property and equipment and corresponding liability were adjusted by $(6,111,906) to reflect that change and $32,290,567 is reflected as Condominium Unit within property and equipment (See Note 8). As part of the Condo Agreement, the Organization received a credit in the amount of $2,311,424 which is reflected within the present value capitalized amount. The Organization has made an election to utilize a credit effective January 2022.

If either party exercises a termination right, such termination will be effective on September 30, 2023, the base payment between July 1, 2023 and September 30, 2023 will be $82,713 per month, the base payment abatement will not apply (and any previously taken credit in lieu thereof will be repaid with interest at prime + 2%). If the Organization is the party that terminates the agreement, then the Organization will reimburse the landlord for all costs in connection with the lease (including condominium costs).

Beginning July 1, 2022, the Organization is required to make estimated monthly payments of its proportionate share (14%) of any increases in operating expenses over the base operating expenses.

The agreement provides for minimum annual payments as follows as of June 30, 2022, with the Organization electing their rent-free period from January 1, 2022 through December 31, 2023:

For the year ending June 30, 2023	$ -
" " " " " June 30, 2024	259,126
" " " " " June 30, 2025	1,229,604
" " " " " June 30, 2026	1,242,011
" " " " " June 30, 2027	1,254,418
For the twenty-nine years ending June 30, 2055	42,303,194
Total lease payments	46,288,353
Less: Amount representing interest	(13,790,252)
Net principal due as of June 30, 2022	$ 32,498,101

12. COMMITMENTS AND CONTINGENCIES

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

b) The Organization had a revolving line of credit with a financial institution with a maximum availability of $3,500,000, bearing interest at the LIBOR Daily Floating Rate plus 3.25%. The line of credit agreement expired on December 31, 2020. The line of credit was collateralized by equipment and fixtures, inventory and receivables owned by the Organization. The Organization repaid the loan in full in August of 2020. Interest expense for the year ended June 30, 2021 was $18,977.

In September 2022, the Organization entered into an agreement with another financial institution for a revolving line of credit with a maximum availability of $5,000,000, bearing interest rate of Floating at the Wall Street Journal Prime minus 75 basis points, subject to a floor rate of 2.75%. The line of credit is collateralized by equipment and fixtures, inventory and receivables owned by the Organization.

c) The Organization has entered into several lease agreements for space and equipment.

- City Center (Stages I and II) - for the period through June 30, 2029. The landlord has the right to not extend the lease after June 30, 2029 if notice is given by June 30, 2026. If notice is not provided, the Organization has the right to extend the lease for an additional five years if notice is provided one year prior to June 30, 2029. During the year ended June 30, 2020, the Organization entered into a lease modification agreement due to the impacts of COVID-19 for abatement of monthly payments while no productions are at the theatre. The Organization resumed in-person theatrical performances in City Center on October 12, 2021. As part of the lease, the Organization reimburses the landlord for all costs relative to the Organization's productions held at the location (i.e., salaries for front of house, benefits, etc.). These amounts are not reflected in future lease minimum payments since based on actual expenses incurred.

- Creative Center and Administrative Offices (43rd Street) (8th and 9th floors) - for the period through June 30, 2022. During the year ended June 30, 2021, the Organization renegotiated the agreement for this space, and it's reflected as a capital lease obligation as of June 30, 2022 (See Note 11).
- Loft storage in Queens, New York - for the period through October 30, 2025. The Organization has a 90-day window to terminate.

GAAP requires the Organization to amortize the aggregate of the total minimum lease payments on a straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its lease is recorded as deferred rent credit in the consolidated statements of financial position. No deferred rent credit as of June 30, 2021 since the Organization renegotiated the agreement for Creative Center and Administrative Offices. Rent expense, including the adjustment for deferred rent credit, and the cost of the front of house and box office facilities under the leases for the years ended June 30, 2022 and 2021 was $1,079,342 and $1,020,301, respectively.

Minimum annual lease payments for non-cancellable operating agreements (excluding annual lease payments for capital lease see Note 11) as of June 30, 2022 are as follows:

For the year ending June 30, 2023	$	608,447
" " " " " June 30, 2024		621,178
" " " " " June 30, 2025		634,181
" " " " " June 30, 2026		606,118
" " " " " June 30, 2027		597,768
For the three years ending June 30, 2029		1,231,644
	$	4,299,336

d) The Organization has entered into various contracts with playwrights in order to develop, produce, promote, and present plays on the stage in the presence of an audience. The Organization is obligated to pay royalties to authors and/or composers for productions that they have produced. If a play produced by the Organization generates royalties to the author or composer, then the Organization will generally be entitled to a certain percentage of the net proceeds received by the author and/or composer.

e) The DCA 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.

As of June 30, 2022, the Organization was awarded funds from the DCA and Empire State Development for various equipment and improvement projects of approximately $6.4M through reimbursement grants. The reimbursement grants are expected to be received in the future once eligible expenses are approved. The contracts that have been registered with the city and state have been recorded in the consolidated financial statements within with donor restrictions until the Organization incurs the expenses. The Organization has incurred $486,273 of eligible expenses for these projects as of June 30, 2022. In addition, as of June 30, 2022, there were approximately $3.6M of unregistered contracts that have not been recorded in the accompanying consolidated financial statements.

f) The Organization has guaranteed credit card limits up to a total of $555,000 as of June 30, 2022 and 2021. The credit card arrangements are established for key executives who have business cards and certain staff members who have personal cards that will submit business expenses separately.

13. PENSION PLANS, DEFERRED COMPENSATION PLANS AND OTHER EMPLOYEE BENEFITS

a) The Organization has established a defined-contribution plan for certain employees who satisfy age and service requirements. Contributions to the plan are based on length of service and become vested over a period of three to six years. There were no contributions to the plan during the years ended June 30, 2022 and 2021, for the plan years ended August 31, 2022 and 2021.

b) The Organization has a 401(k) plan for its employees. The plan is employee contributory only.

c) The Organization contributes to eight 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 ("PPA") enacted in 2006. Two 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, we are 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 its financial position, results of operations or cash flows.

Approximately 39% and 23% of the Organization's employees and contractors are participants in multiemployer plans for the years ended June 30, 2022 and 2021, respectively. Pension and welfare expense for multiemployer plans was $1,139,505 and $29,528, for the years ended June 30, 2022 and 2021, respectively.

d) In recognition of almost fifty years of service from the Artistic Director and Executive Producer, the Organization entered into deferred compensation agreements. Under these agreements, the Organization credits to each executive's account $100,000 for services rendered each fiscal year until the accounts have been credited $1,000,000 each. Under the terms of each executive's agreement, the contributed funds are invested in a 457(f) plan account and all investment income accumulated is paid to the executives upon vesting. The executives each received a full distribution in July 2017. The remaining obligation after July 1, 2018 allows for one of the executives to be credited $100,000 annually for the next three years, with vesting on June 30, 2022. During year ended June 30, 2022, the Organization made a full distribution to this executive under this agreement.

The other executive is credited with $100,000 annually for the next four years (period ending June 30, 2022), however, this executive's annual amount vests each year. As of June 30, 2022 and 2021, $100,000 had been accrued for this executive. During the years ended June 30, 2022 and 2021, the investment earnings (losses) were $(61,294) and $43,306, respectively. The account balances may become vested and paid earlier upon death, disability, discharge without cause, or resignation for good reason. Unvested balances are forfeited upon discharge for cause or resignation without good reason. The Organization has title to and beneficial ownership of the invested funds until the account balances are vested and paid. The executives have a significant risk of forfeiture. Subsequent to June 30, 2022, the Organization made the final $100,000 payment.

14. SHUTTERED VENUE OPERATOR'S GRANT

On July 9, 2021, the Organization was awarded a Shuttered Venue Operators Grant from the U.S. Small Business Administration ("SBA") in the amount of $5,269,025. This cost-reimbursable federal grant covers allowable qualifying expenses for the period from March 1, 2020 through December 31, 2021. On November 23, 2021, the Organization received a supplementary award of $2,730,975 from the SBA which also extends the allowable expenses period for the entire grant to June 30, 2022. The Organization recorded revenue of $8,000,000 for the year ended June 30, 2022, of which $1,240,719 relates to expenses incurred during the year ended June 30, 2021 which is included in non-operating activities in the accompanying consolidated statements of activities.

15. NON-FINANCIAL ASSETS

The Organization received contributed non-financial assets comprised of services and materials during the years ended June 30, 2022 and 2021 in support of its programs and operations, which are recognized in the consolidated statements of activities and included:

Non-Financial Contributions Category	Type of Contributions	Valuation	2022	2021
Professional services	Legal, consulting and other professional services	Market value of goods and services as provided by vendor	$ 20,490	$ 1,219

16. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the consolidated financial statements of activities. Costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities. 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, and amortization, salaries and wages, benefits, payroll taxes, office expense, insurance, and other, which are allocated on the basis of estimates of time and effort.

17. NEW ACCOUNTING PRONOUNCEMENT NOT YET EFFECTIVE

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 statement of financial position for all of the Organization's lease obligations. This ASU is effective for years beginning after December 15, 2021 (fiscal year 2023) and interim periods with fiscal years beginning after December 15, 2022.

The Organization is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

18. RISK AND UNCERTAINTIES

Management continues to evaluate the COVID-19 virus in the United States and its impact on the theatrical industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization and Subsidiary's financial condition and results of operations, the specific impact is not readily determinable as of the date of these consolidated financial statements.

19. EVALUATION OF SUBSEQUENT EVENTS

The Organization and Subsidiary have evaluated subsequent events through December 19, 2022, the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization and Subsidiary have determined that no subsequent events have occurred that require adjustment to or disclosure in the consolidated financial statements, except as discussed in Notes 10, 12b and 13d.