ROUNDABOUT THEATRE COMPANY, INC.
Financial Statements
August 31, 2021 and 2020
With Independent Auditor's Report

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ADVISORY TAX AUDIT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Roundabout Theatre Company, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roundabout Theatre Company, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of August 31, 2021 and 2020, 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 Roundabout Theatre Company, Inc. as of August 31, 2021 and 2020, 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 Roundabout Theatre Company, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Roundabout Theatre Company, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Roundabout Theatre Company, Inc.'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 Roundabout Theatre Company, Inc.'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 15, 2021

Roundabout Theatre Company, Inc.
Statements of Financial Position
August 31, 2021 and 2020

	2021					2020				
	Without Donor Restrictions					Without Donor Restrictions				
	Undesignated	Board Designated	Total	With Donor Restrictions	Total	Undesignated	Board Designated	Total	With Donor Restrictions	Total
Assets										
Current assets										
Cash and cash equivalents	$ 8,757,574	$ 973,027	$ 9,730,601	$ 4,739,232	$ 14,469,833	$ 10,340,658	$ 1,786,509	$ 12,127,167	$ 1,827,661	$ 13,954,828
Restricted cash and cash equivalents - (Shuttered Venue Operators Grant)	10,000,000	-	10,000,000	-	10,000,000	-	-	-	-	-
Accounts receivable	1,250,758	-	1,250,758	-	1,250,758	340,476	44,339	384,815	-	384,815
Employee retention credit receivable	2,379,614	-	2,379,614	-	2,379,614	-	-	-	-	-
Unconditional promises to give, net	1,206,094	284,727	1,490,821	2,520,587	4,011,408	1,095,903	1,001,978	2,097,881	2,631,608	4,729,489
Investments	472,544	68,891,799	69,364,343	-	69,364,343	356,679	54,031,974	54,388,653	-	54,388,653
Interfund	(1,517,132)	1,517,132	-	-	-	(1,517,132)	1,517,132	-	-	-
Prepaid expenses	328,302	-	328,302	-	328,302	292,061	-	292,061	-	292,061
Prepaid production costs	677,758	-	677,758	-	677,758	-	-	-	-	-
Total current assets	23,555,512	71,666,685	95,222,197	7,259,819	102,482,016	10,908,645	58,381,932	69,290,577	4,459,269	73,749,846
Unconditional promises to give, net	-	201,007	201,007	1,598,721	1,799,728	9,860	4,590	14,450	3,468,295	3,482,745
Investments	-	-	-	4,013,471	4,013,471	-	-	-	3,559,854	3,559,854
Derivative contract at fair value	183,584	-	183,584		183,584		-	-	-	-
Restricted investments - (loan payable)	13,564,756	-	13,564,756	-	13,564,756	13,564,756	-	13,564,756	-	13,564,756
Restricted cash and cash equivalents - (letters of credit)	1,300,000	-	1,300,000	-	1,300,000	1,300,000	-	1,300,000	-	1,300,000
Property and equipment, at cost, net of accumulated depreciation and amortization	49,720,193	-	49,720,193	-	49,720,193	46,302,417	-	46,302,417	-	46,302,417
Security deposits	308,462	-	308,462	-	308,462	316,187	-	316,187	-	316,187
Other assets	20,000	-	20,000	-	20,000	20,000	-	20,000	-	20,000
Total assets	$ 88,652,507	$ 71,867,692	$ 160,520,199	$ 12,872,011	$ 173,392,210	$ 72,421,865	$ 58,386,522	$ 130,808,387	$ 11,487,418	$ 142,295,805
Liabilities and Net Assets										
Liabilities										
Current liabilities										
Loan payable	$ 13,564,756		$ 13,564,756	$ -	$ 13,564,756	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	2,489,684	-	2,489,684	-	2,489,684	1,185,864	-	1,185,864	-	1,185,864
Salaries and other payroll related payables	1,497,246	-	1,497,246	-	1,497,246	1,332,754	-	1,332,754	-	1,332,754
PPP2 loan payable	2,000,000	-	2,000,000	-	2,000,000	-	-	-	-	-
Advance renter ticket sales	2,042,727	-	2,042,727	-	2,042,727	71,184	-	71,184	-	71,184
Advance admissions and subscriptions	6,932,822	-	6,932,822	-	6,932,822	4,833,551	-	4,833,551	-	4,833,551
Refundable advance - Shuttered Venue Operators Grant	10,000,000	-	10,000,000		10,000,000	-	-	-	-	-
Retention payment payable	333,358	-	333,358	-	333,358	333,333	-	333,333	-	333,333
Deferred rent	182,340	-	182,340	-	182,340	141,125	-	141,125	-	141,125
PPP1 loan payable	-	-	-	-	-	5,397,500	-	5,397,500	-	5,397,500
Total current assets	39,042,933	-	39,042,933	-	39,042,933	13,295,311	-	13,295,311	-	13,295,311
Loan payable	-	-	-	-	-	13,564,756	-	13,564,756	-	13,564,756
Less: Unamortized debt issuance costs	-	-	-	-	-	(29,191)	-	(29,191)	-	(29,191)
Loan payable, net	-	-	-	-	-	13,535,565	-	13,535,565	-	13,535,565
Deferred rent	2,436,362	-	2,436,362	-	2,436,362	2,365,640	-	2,365,640	-	2,365,640
Retention payment payable	-	-	-	-	-	333,358	-	333,358	-	333,358
Total liabilities	41,479,295	-	41,479,295	-	41,479,295	29,529,874	-	29,529,874	-	29,529,874
Net assets										
Without donor restrictions										
Property and equipment, net	49,720,193	-	49,720,193	-	49,720,193	46,302,417	-	46,302,417	-	46,302,417
Board designated	-	71,867,692	71,867,692	-	71,867,692	-	58,386,522	58,386,522	-	58,386,522
Undesignated (accumulated deficit)	(2,546,981)	-	(2,546,981)	-	(2,546,981)	(3,410,426)	-	(3,410,426)	-	(3,410,426)
With donor restrictions	-	-	-	12,872,011	12,872,011	-	-	-	11,487,418	11,487,418
Total net assets	47,173,212	71,867,692	119,040,904	12,872,011	131,912,915	42,891,991	58,386,522	101,278,513	11,487,418	112,765,931
Total liabilities and net assets	$ 88,652,507	$ 71,867,692	$ 160,520,199	$ 12,872,011	$ 173,392,210	$ 72,421,865	$ 58,386,522	$ 130,808,387	$ 11,487,418	$ 142,295,805

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

Roundabout Theatre Company, Inc.
Statements of Activities
Years Ended August 31, 2021 and 2020

	2021					2020				
	Without Donor Restrictions					Without Donor Restrictions				
	Undesignated	Board Designated	Total	With Donor Restrictions	Total	Undesignated	Board Designated	Total	With Donor Restrictions	Total
Operating activities										
Public support and other revenue										
Public support										
Grants and contributions										
Government, foundations, corporations and individuals	$ 8,272,590	$ 408,574	$ 8,681,164	$ 5,218,766	$ 13,899,930	$ 8,555,461	$ 153,208	$ 8,708,669	$ 2,327,381	$ 11,036,050
Donated services and materials	193,463	-	193,463	-	193,463	300,941	-	300,941	-	300,941
Fundraising events	3,280,836	-	3,280,836	-	3,280,836	5,081,633	-	5,081,633	-	5,081,633
Less: Direct costs of fundraising events	(1,107,163)	-	(1,107,163)	-	(1,107,163)	(909,174)	-	(909,174)	-	(909,174)
Net assets released from restriction										
Government, foundations, corporations and individuals	2,700,952	1,628,500	4,329,452	(4,329,452)	-	2,642,710	3,804,954	6,447,664	(6,447,664)	-
Appropriation from board designated fund	3,421,484	-	3,421,484	-	3,421,484	3,319,686	-	3,319,686	-	3,319,686
Appropriation from endowment	147,799	-	147,799	-	147,799	141,616	-	141,616	-	141,616
Total public support	16,909,961	2,037,074	18,947,035	889,314	19,836,349	19,132,873	3,958,162	23,091,035	(4,120,283)	18,970,752
Other revenue										
Employee retention credit income	1,961,744	-	1,961,744	-	1,961,744	-	-	-	-	-
PPP1 loan forgiveness	850,105	-	850,105	-	850,105	-	-	-	-	-
Education income	83,230	-	83,230	-	83,230	248,851	-	248,851	-	248,851
Net investment income	80,624	-	80,624	-	80,624	126,365	-	126,365	-	126,365
Other income	78,341	-	78,341	-	78,341	216,517	-	216,517	-	216,517
Ticket handling fees	68,698	-	68,698	-	68,698	374,324	-	374,324	-	374,324
Royalty income	67,550	-	67,550	-	67,550	75,969	-	75,969	-	75,969
Rental income, net of direct expenses of $943,122 (2021) and $7,825,324 (2020)	40,977	-	40,977	-	40,977	2,320,774	-	2,320,774	-	2,320,774
Admissions and subscriptions, net of credit card fees of $261,423 (2020)	-	-	-	-	-	11,939,086	-	11,939,086	-	11,939,086
Performance disruption insurance claim proceeds	-	-	-	-	-	5,000,000	-	5,000,000	-	5,000,000
Concession and merchandise income	-	-	-	-	-	319,162	-	319,162	-	319,162
Facility fees	-	-	-	-	-	273,294	-	273,294	-	273,294
Credit card fees refund settlement	-	-	-	-	-	104,102	-	104,102	-	104,102
Loss on disposal of equipment	-	-	-	-	-	(52,784)	-	(52,784)	-	(52,784)
Total other revenue	3,231,269	-	3,231,269	-	3,231,269	20,945,660	-	20,945,660	-	20,945,660
Total public support and other revenue	20,141,230	2,037,074	22,178,304	889,314	23,067,618	40,078,533	3,958,162	44,036,695	(4,120,283)	39,916,412
Expenses										
Program services	16,580,358	-	16,580,358	-	16,580,358	41,314,994	-	41,314,994	-	41,314,994
Supporting services										
Management and general	3,500,752	10,112	3,510,864	-	3,510,864	3,636,809	-	3,636,809	-	3,636,809
Fundraising	3,045,358	-	3,045,358	-	3,045,358	3,865,239	86,113	3,951,352	-	3,951,352
Total supporting services	6,546,110	10,112	6,556,222	-	6,556,222	7,502,048	86,113	7,588,161	-	7,588,161
Total expenses	23,126,468	10,112	23,136,580	-	23,136,580	48,817,042	86,113	48,903,155	-	48,903,155
Changes in net assets before non-operating activities (carried forward)	(2,985,238) *	2,026,962	(958,276)	889,314	(68,962)	(8,738,509) *	3,872,049	(4,866,460)	(4,120,283)	(8,986,743)
* Includes $4,026,762 (2021) and $4,028,820 (2020) of depreciation and amortization expense										
Changes in net assets without donor restrictions before depreciation and amortization expense and non-operating activities	$ 1,041,524					$ (4,709,689)				

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

Roundabout Theatre Company, Inc.
Statements of Activities
Years Ended August 31, 2021 and 2020

	2021					2020				
	Without Donor Restrictions					Without Donor Restrictions				
	Undesignated	Board Designated	Total	With Donor Restrictions	Total	Undesignated	Board Designated	Total	With Donor Restrictions	Total
Changes in net assets before non-operating activities (carried forward)	$ (2,985,238)	$ 2,026,962	$ (958,276)	$ 889,314	$ (68,962)	$ (8,738,509)	$ 3,872,049	$ (4,866,460)	$ (4,120,283)	$ (8,986,743)
Non-operating activities										
PPP1 loan forgiveness	4,547,395	-	4,547,395	-	4,547,395	-	-	-	-	-
Capital contributions	2,117,610	-	2,117,610		2,117,610	-	-	-	-	-
Employee retention credit income	417,870	-	417,870		417,870	-	-	-	-	-
Unrealized gain on depreciation of derivative contract	183,584	-	183,584	-	183,584	-	-	-	-	-
Net investment income	-	14,875,692	14,875,692	643,078	15,518,770	-	7,115,305	7,115,305	313,398	7,428,703
Appropriation from board designated fund	-	(3,421,484)	(3,421,484)	-	(3,421,484)	-	(3,319,686)	(3,319,686)	-	(3,319,686)
Appropriation from endowment	-	-	-	(147,799)	(147,799)	-	-	-	(141,616)	(141,616)
Total non-operating activities	7,266,459	11,454,208	18,720,667	495,279	19,215,946	-	3,795,619	3,795,619	171,782	3,967,401
Changes in net assets	4,281,221	13,481,170	17,762,391	1,384,593	19,146,984	(8,738,509)	7,667,668	(1,070,841)	(3,948,501)	(5,019,342)
Net assets										
Beginning of year	42,891,991	58,386,522	101,278,513	11,487,418	112,765,931	51,630,500	50,718,854	102,349,354	15,435,919	117,785,273
End of year	$ 47,173,212	$ 71,867,692	$ 119,040,904	$ 12,872,011	$ 131,912,915	$ 42,891,991	$ 58,386,522	$ 101,278,513	$ 11,487,418	$ 112,765,931

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

Roundabout Theatre Company, Inc.
Statement of Functional Expenses
Year Ended August 31, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries, payroll taxes and benefits	$ 8,154,481	$ 1,739,678	$ 2,000,122	$ 3,739,800	$ 11,894,281
Physical production	11,599	-	-	-	11,599
Travel and housing	29,237	1,253	2,127	3,380	32,617
Press, publicity, and advertising	191,281	-	-	-	191,281
Telephone, postage and supplies	409,596	94,618	179,697	274,315	683,911
Special series and event	253,930	1,498	5,128	6,626	260,556
Direct costs of fundraising events	-	-	1,107,163	1,107,163	1,107,163
Admissions and subscriptions credit card fees	81,748	-	-	-	81,748
Direct expenses of rental income	943,122	-	-	-	943,122
Printing and publication	6,463	1,100	42,546	43,646	50,109
Outside services	469,484	401,684	53,551	455,235	924,719
Telefundraising	-	-	251,339	251,339	251,339
Insurance	298,040	231,764	34,281	266,045	564,085
Rent	2,027,192	648,000	139,364	787,364	2,814,556
Utilities and maintenance	593,349	115,618	24,866	140,484	733,833
Interest	224,153	-	-	-	224,153
Bad debt expense	-	-	64,330	64,330	64,330
Training and recruitment	43,732	9,313	22,932	32,245	75,977
Credit card fees and bank charges	-	17,102	45,540	62,642	62,642
Dues and memberships	36,438	12,110	2,052	14,162	50,600
Meetings and conferences	7,350	201	836	1,037	8,387
Other expenses	52,656	26,743	131,444	158,187	210,843
Depreciation and amortization	3,771,377	210,182	45,203	255,385	4,026,762
Total expenses	17,605,228	3,510,864	4,152,521	7,663,385	25,268,613
Less: Expenses included with revenues on the statements of activities					
Direct costs of fundraising events	-	-	(1,107,163)	(1,107,163)	(1,107,163)
Admissions and subscriptions credit card fees	(81,748)	-	-	-	(81,748)
Direct expenses of rental income	(943,122)	-	-	-	(943,122)
	$ 16,580,358	$ 3,510,864	$ 3,045,358	$ 6,556,222	$ 23,136,580

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

Roundabout Theatre Company, Inc.
Statement of Functional Expenses
Year Ended August 31, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries, payroll taxes and benefits	$ 18,776,186	$ 1,885,270	$ 2,525,604	$ 4,410,874	$ 23,187,060
Salaries, payroll taxes and benefits - cancelled shows	2,687,480	-	-	-	2,687,480
Physical production	2,544,877	-	-	-	2,544,877
Physical production - cancelled shows	1,619,514	-	-	-	1,619,514
Travel and housing	400,197	6,983	10,576	17,559	417,756
Travel and housing - cancelled shows	256,641	-	-	-	256,641
Press, publicity, and advertising	4,053,727	-	-	-	4,053,727
Press, publicity, and advertising - cancelled shows	1,161,908	-	-	-	1,161,908
Royalties	495,090	-	-	-	495,090
Telephone, postage and supplies	433,744	79,469	187,514	266,983	700,727
Special series and event	150,136	12,316	73,642	85,958	236,094
Direct costs of fundraising events	-	-	1,107,163	1,107,163	1,107,163
Admissions and subscriptions credit card fees	261,423	-	-	-	261,423
Direct expenses of rental income	7,825,324	-	-	-	7,825,324
Printing and publication	140,917	600	65,817	66,417	207,334
Outside services	552,773	408,334	110,574	518,908	1,071,681
Telefundraising	-	-	233,483	233,483	233,483
Insurance	263,439	189,211	30,363	219,574	483,013
Rent	2,308,253	666,920	143,433	810,353	3,118,606
Utilities and maintenance	1,145,731	97,706	21,014	118,720	1,264,451
Interest	347,693	-	-	-	347,693
Bad debt expense	-	-	335,568	335,568	335,568
Training and recruitment	49,872	6,276	9,313	15,589	65,461
Credit card fees and bank charges	-	10,412	55,890	66,302	66,302
Dues and memberships	30,471	14,986	3,449	18,435	48,906
Meetings and conferences	6,594	1,550	92	1,642	8,236
Other expenses	130,802	34,672	97,253	131,925	262,727
Depreciation and amortization	3,758,949	222,104	47,767	269,871	4,028,820
Total expenses	49,401,741	3,636,809	5,058,515	8,695,324	58,097,065
Less: Expenses included with revenues on the statements of activities					
Direct costs of fundraising events	-	-	(1,107,163)	(1,107,163)	(1,107,163)
Admissions and subscriptions credit card fees	(261,423)	-	-	-	(261,423)
Direct expenses of rental income	(7,825,324)	-	-	-	(7,825,324)
	$ 41,314,994	$ 3,636,809	$ 3,951,352	$ 7,588,161	$ 48,903,155

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

Roundabout Theatre Company, Inc.
Statements of Cash Flows
Years Ended August 31, 2021 and 2020

	2021	2020
Operating and non-operating activities		
Changes in net assets	$ 19,146,984	$ (5,019,342)
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating and non-operating activities		
Depreciation and amortization	4,026,762	4,028,820
Amortization of debt issuance costs	29,191	31,847
Change in allowance for uncollectible promises to		
give and discount to present value	(184,820)	215,876
Donated securities	(2,834,256)	(990,698)
Realized (gain) loss on sale of investments and donated securities	(1,956,248)	977,848
Unrealized gain on investments	(11,727,891)	(6,983,357)
Unrealized gain on depreciation of derivative contract	(183,584)	-
Bad debt expense		
(including expense netted with funds with donor restrictions)	64,330	335,568
PPP1 loan forgiveness	(5,397,500)	-
Loss on disposal of equipment	-	52,784
Changes in assets and liabilities		
Accounts receivable	(865,943)	979,865
Employee retention credit receivable	(2,379,614)	-
Unconditional promises to give	2,521,588	3,779,081
Prepaid expenses	(36,241)	140,425
Prepaid production costs	(677,758)	1,975,325
Security deposits	7,725	(3,389)
Accounts payable and accrued expenses	1,560,044	(824,880)
Salaries and other payroll related payables	164,492	(17,637)
Advance renter ticket sales	1,971,543	(4,659,951)
Advance admissions and subscriptions	2,099,271	(2,804,307)
Refundable advance - Shuttered Venue Operators Grant	10,000,000	-
Retention payment payable	(333,333)	(230,266)
Deferred rent	111,937	(10,599)
Net cash provided by (used in)		
operating and non-operating activities	15,126,679	(9,026,987)
Investing activities		
Purchases of property and equipment	(7,700,762)	(1,439,321)
Proceeds from sale of investments and donated securities	9,959,835	25,934,807
Purchases of investments	(8,870,747)	(26,337,659)
Net cash used in investing activities	(6,611,674)	(1,842,173)
Financing activities		
PPP2 loan proceeds received	2,000,000	-
PPP1 loan proceeds received	-	5,397,500
Net cash provided by financing activities	2,000,000	5,397,500
Net change in cash, cash equivalents and restricted cash	10,515,005	(5,471,660)
Cash, cash equivalents and restricted cash		
Beginning of year	15,254,828	20,726,488
End of year	$ 25,769,833	$ 15,254,828
Supplemental disclosure		
Cash paid for interest (loan)	$ 194,962	$ 315,847

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Roundabout Theatre Company, Inc. (the "Organization") was formed on September 13, 1965 to foster and advance the development of, and to stimulate community interest in, the dramatic and theatrical arts. The Organization operates in New York City, presenting both "Broadway" and "Off-Broadway" theatrical productions throughout the year. The Organization's support comes primarily from admission and subscription revenue and from contributions.

Due to the impacts of COVID-19, the Organization temporarily ceased in-person theatrical performances on March 12, 2020 and resumed performances on October 8, 2021.

Basis of Accounting

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

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

Net assets without donor restrictions: Include expendable resources that are used to carry out the Organization's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements. 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 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.

Cash and Cash Equivalents

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

Fair Value Measurements

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

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

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

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

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

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities. There were no changes in the methodologies from August 31, 2020 to August 31, 2021. There were no transfers between levels for the periods presented.

Derivative Financial Instruments

According to professional standards related to *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, the Organization is required to recognize all derivatives, such as interest rate swap contracts, as either assets or liabilities in the statements of financial position, and to measure such instruments at fair value. Changes in the fair value of derivative financial instruments are recognized in the statements of activities and changes in net assets. The interest rate swap is valued at the swap exit prices established, based on the US Fed Funds Rate (arithmetic averaging) and proprietary models and classified as Level 2 of the fair value hierarchy under *"Fair Value Measurements and Disclosures".*

Investments

Investments in marketable securities are reported at fair value in the accompanying statements of financial position. Unrealized gains and losses are included in change in net assets in the accompanying statements of activities. Investments received by gift are initially recorded at fair value at the date of receipt. Fair values for stocks, bonds and U.S. government securities are based on quoted market prices. The amount of gain or loss associated with these investments is reflected in the accompanying statements of activities. Gains and losses on sales of investments are determined using the average cost method.

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 $5,000 (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. 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.

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. There was no advertising expense for the year ended August 31, 2021. Advertising expense for the year ended August 31, 2020 was $2,701,723, which is included in press, publicity and advertising on the statement of functional expenses.

Estimates

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

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 are amortized over the run of the production. If the production runs less than two weeks within the current fiscal year, all the production costs are recognized in the next fiscal year in order to match the subscription season. The Organization did not have any productions that had performances cross over fiscal years.

The Organization maintains certain scenery and costume inventories of past productions in storage. 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.

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 has been designated as an organization which is not a private foundation. The Organization is obligated to pay tax for unrelated debt-financed income, if any.

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. There are no income tax related penalties and interest included in these 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 admissions and subscriptions income, ticket handling fee and facility fee income, royalty income and education income as exchange transactions in the statements of activities and changes in net assets. Revenue from contracts with customers is 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 statements of financial position.

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 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 is 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:

Admissions and Subscriptions Income
Admissions and subscriptions income represents the sums actually paid for individual tickets of admission 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 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. Admissions and subscription income is recognized at a specific point in time, which is when the performance related to the ticket is complete. Admissions and subscription income is recorded net of credit card fees.

Ticket Handling Fee and Facility Fee Income
Ticket handling fees and 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. Ticket handling fees are not refundable and are recognized at the time of purchase. Facility fees are refundable and are recognized when the performance is complete.

Other Exchange Transactions
Education income and royalty income are recognized in the period the performance takes place or the period to which the fees relate. Concession and merchandise income is recognized in the period the sale takes place.

The timing of revenue recognition, billings and cash collections results in contract liabilities. Contract liabilities as of August 31, 2021 and 2020 were $6,932,822 and $4,833,551, respectively, and are reflected as advance admissions and subscriptions on the statements of financial position. For comparison purposes, the opening balances at September 1, 2019 for accounts receivable, and advance admissions and subscriptions were $1,364,680 and $7,637,858, respectively.

2. DESIGNATIONS AND RESTRICTIONS ON NET ASSETS

Net Assets Without Donor Restrictions

Board Designated Fund

The Board Designated Fund was established by the Board of Trustees in 1995. Appropriations and transfers are made on a discretionary basis to support the Organization's operations, maintenance and capital projects for its facilities. The Board Designated Fund includes a fund to be used for artistic initiatives at the discretion of the Board. During the years ended August 31, 2021 and August 31, 2020, the Board approved transfer to operations due to COVID-19 of $3,421,484 and $3,319,686, respectively.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	2021	2020
Grants and contributions		
(subject to expenditure for specific purpose)		
Time restrictions	$ 4,891,360	$ 1,183,451
Capital campaign	2,697,173	4,515,878
Future productions and programs	1,902,930	3,030,602
	9,491,463	8,729,931
Less: Allowance for uncollectible promises to give	(175,149)	(151,495)
Less: Discount to present value	(66,130)	(167,566)
	9,250,184	8,410,870
Accumulated endowment earnings	1,349,642	854,363
	10,599,826	9,265,233
Donor-designated endowments (to be held in perpetuity)		
Education Endowment Fund	1,150,000	1,100,000
General Endowment Fund	642,675	642,675
Todd Haimes Fund for Artistic Excellence	479,510	479,510
	2,272,185	2,222,185
Total net assets with donor restrictions	$ 12,872,011	$ 11,487,418

Education Endowment Fund

This fund supports the Organization's important work with students and teachers representing the New York City public schools as well as its career development program.

General Endowment Fund

This fund supports the general operating expenses incurred by the Organization to stage its subscription season.

Todd Haimes Fund for Artistic Excellence
Established to honor the leadership and vision of the Organization's Artistic Director Todd Haimes on his 25th anniversary with the Organization, this fund supports productions of plays or musicals whose complexity and scope would be prohibitive within the normal operating budget. The income on these funds are spent towards such productions at the discretion of the Artistic Director.

The Organization's endowment funds, composition by type of fund and net asset classification are summarized as follows at August 31:

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Board designated funds	$ 71,867,692	$ -	$ 71,867,692
Donor-designated endowments	-	2,272,185	2,272,185
	$ 71,867,692	$ 2,272,185	$ 74,139,877

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Board designated funds	$ 58,386,522	$ -	$ 58,386,522
Donor-designated endowments	-	2,222,185	2,222,185
	$ 58,386,522	$ 2,222,185	$ 60,608,707

Board designated funds include a fund originating from the Doris Duke Charitable Foundation Endowment Fund for Artistic Initiatives. The balance of this fund at August 31, 2021 and 2020 was $2,845,215 and $2,336,731, respectively.

The Organization's endowment consists of funds established for the purposes described above. Its endowment includes three donor-restricted endowment funds. As required by Generally Accepted Accounting Principles in the United States of America ("GAAP"), net assets associated with an endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees 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 an 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 Spending Policy
The percentage allowed to be utilized towards the Organization's operations within the Organization's endowment spending policy is up to an amount equal to 5% of the 3-year average asset value of each donor-designated endowments, as calculated on the last day of the preceding fiscal year. Any net excess in investment earnings over the spending policy on donor-designated endowments is reflected within net assets with donor restrictions to be utilized in future periods and/or programs, with any losses reducing net assets with donor restrictions. Net excess investment income from endowment funds is reflected within net assets with donor restrictions as of August 31, 2021 and 2020.

Changes in endowment assets is as follows for the year ended August 31:

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, August 31, 2020	$ 58,386,522	$ 2,222,185	$ 60,608,707
Contributions	2,037,074	50,000	2,087,074
Net investment income	14,875,692	643,078	15,518,770
Board designated/capital campaign expenses	(10,112)	-	(10,112)
Appropriation for operations	(3,421,484)	-	(3,421,484)
Accumulated endowment earnings	-	(495,279)	(495,279)
Appropriation for spending	-	(147,799)	(147,799)
Endowment net assets, August 31, 2021	$ 71,867,692	$ 2,272,185	$ 74,139,877

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, August 31, 2019	$ 50,718,854	$ 2,222,185	$ 52,941,039
Contributions	3,958,162	-	3,958,162
Net investment income	7,115,305	313,398	7,428,703
Board designated/capital campaign expenses	(86,113)	-	(86,113)
Appropriation for operations	(3,319,686)	-	(3,319,686)
Accumulated endowment earnings	-	(171,782)	(171,782)
Appropriation for spending	-	(141,616)	(141,616)
Endowment net assets, August 31, 2020	$ 58,386,522	$ 2,222,185	$ 60,608,707

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2021 and 2020, 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:

	2021	**2020**
Financial assets		
Cash and cash equivalents	$ 8,757,574	$ 10,340,658
Accounts receivable	1,250,758	340,476
Employee retention credit receivable	2,379,614	-
Unconditional promises to give	1,206,094	1,095,903
Investments	472,544	356,679
	14,066,584	12,133,716
Liquidity resources		
Unused letters of credit and line of credit	-	7,000,000
Total financial assets and liquidity resources available within one year	$ 14,066,584	$ 19,133,716

The Organization's cash flows have seasonal variations due to subscriptions series renewals and single tickets sales. To manage liquidity, the Organization sells subscriptions at the beginning of the season to have cash on hand to pay for operating expenditures. The Organization rents two theatres and receives rent, service fees as well as other reimbursable expenses paid by the Organization. The Organization receives the advance ticket sales for the productions renting the theatres. In addition, the Organization has pledge campaigns to fund operations and other projects. The Organization's endowment funds consist of donor-restricted endowments. As described in Note 2, the Organization has a spending rate of 5%. Also, the Organization has approximately $72,000,000 of board designated net assets that could be used for general operating expenses upon approval by the Board of Trustees. The Organization also has a credit facility with a maximum availability of $25,000,000 which had $13,564,756 outstanding as of August 31, 2021.

4. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents balances at three financial institutions located in New York, NY. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. As of August 31, 2021 and 2020, the uninsured balances totaled $25,592,470 and $14,935,258, respectively.

The Organization maintains investment accounts at two financial institutions located in New York, NY. The balances are insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000. The SIPC does not protect investors from market risks. At August 31, 2021 and 2020, the Organization's uninsured investment balances totaled $85,973,388 and $70,557,833, respectively. In addition, investment accounts are covered under an additional protection program. SIPC and the excess SIPC coverage do not protect against loss due to market fluctuation.

5. FAIR VALUE

Fair Values Measured on Recurring Basis

Assets measured on a recurring basis consist of mutual funds and exchange-traded funds (all Level 1). Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There were no transfers between Levels 1, 2 and 3 for the years ended August 31, 2021 and 2020. Investments, which are all classified as Level 1 in the fair value hierarchy, consist of the following as of August 31:

	Fair Value				Cost
As of August 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Fixed income	$ 19,825,029	$ -	$ -	$ 19,825,029	$ 19,273,494
Domestic equities	56,340,683	-	-	56,340,683	35,040,842
International equities	9,979,215	-	-	9,979,215	7,264,670
Domestic real estate	797,643	-	-	797,643	761,338
	$ 86,942,570	$ -	$ -	$ 86,942,570	$ 62,340,344
Interest rate swap	$ -	$ 183,584	$ -	$ 183,584	

	Fair Value				Cost
As of August 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Fixed income	$ 19,865,416	$ -	$ -	$ 19,865,416	$ 19,669,256
Domestic equities	32,957,262	-	-	32,957,262	23,325,059
International equities	13,465,626	-	-	13,465,626	11,585,590
Emerging markets	3,449,317	-	-	3,449,317	2,500,000
Domestic real estate	1,775,642	-	-	1,775,642	1,560,115
	$ 71,513,263	$ -	$ -	$ 71,513,263	$ 58,640,020

Investment Income

Investment income consists of the following for the years ended August 31:

	2021	2020
Unrealized gain on investments	$ 11,727,891	$ 6,983,357
Interest and dividend income	2,105,029	1,736,950
Realized gain (loss) on sale of investments	1,956,248	(977,848)
Unrealized gain on depreciation of derivative contract	183,584	-
Investment fees	(189,774)	(187,391)
	$ 15,782,978	$ 7,555,068

6. PROMISES TO GIVE

Unconditional Promises to Give

When estimating fair value of unconditional promises to give, management considers the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness incorporated into a fair 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. The Organization has estimated an allowance for uncollectible promises to give of $304,796 (2021) and $392,173 (2020) based on these determinations. Unconditional promises to give to be received after one year are discounted at the Daily Treasury Yield Curve Rates.

Unconditional promises to give consist of the following as August 31:

	2021		
	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 1,620,468	$ 205,000	$ 1,825,468
With donor restrictions	2,520,587	1,840,000	4,360,587
	4,141,055	2,045,000	6,186,055
Less: Allowance for uncollectible promises to give	(129,647)	(175,149)	(304,796)
Less: Discount for present value	-	(70,123)	(70,123)
	$ 4,011,408	$ 1,799,728	$ 5,811,136

	2020		
	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 2,338,559	$ 14,656	$ 2,353,215
With donor restrictions	2,631,608	3,787,150	6,418,758
	4,970,167	3,801,806	8,771,973
Less: Allowance for uncollectible promises to give	(240,678)	(151,495)	(392,173)
Less: Discount for present value	-	(167,566)	(167,566)
	$ 4,729,489	$ 3,482,745	$ 8,212,234

Conditional Promises to Give

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

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	Life/Years	2021	2020
Theatre acquisition and renovation - Studio 54	5-40	$ 39,174,800	$ 37,918,992
Leasehold improvements - American Airlines Theatre	Life of lease	33,654,210	27,740,042
Leasehold improvements - Steinberg Center	Life of lease	11,427,429	11,271,718
Leasehold improvements - Stephen Sondheim Theatre	Life of lease	9,122,929	9,111,852
Leasehold improvements - 39th Street	Life of lease	3,340,036	3,339,342
Leasehold improvements - rehearsal studio and other	Life of lease	1,014,195	1,014,195
Equipment, furniture and other	5-20	9,428,133	9,321,053
		107,161,732	99,717,194
Less: Accumulated depreciation and amortization		(57,441,539)	(53,414,777)
		$ 49,720,193	$ 46,302,417

Depreciation and amortization expense for the years ended August 31, 2021 and 2020 was $4,026,762 and $4,028,820, respectively.

Included in theatre and leasehold improvements are capital expenditures from the City of New York Department of Cultural Affairs (the "City"). The City has a security interest in all assets acquired by City funding. The City's investment of capital funds obligates the Organization to operate its facilities during the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City for cultural, educational or artistic uses and/or related purposes approved by the City.

8. LETTERS OF CREDIT

A financial institution has extended the Organization $1,300,000 in letters of credit ($936,581 issued as of August 31, 2021 and 2020). At August 31, 2021 and 2020, three letters of credit have been issued against this availability, two in the amounts of $600,000 and $137,500 are in lieu of a security deposits under a theatre lease agreement, and the other is a bond with Actors' Equity Association in the amount of $199,081.

9. STATEMENTS OF CASH FLOWS

The following comprises the cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total reported in the statements of cash flows for the years ended August 31, 2021 and 2020, respectively:

	2021	2020
Cash and cash equivalents	$ 14,469,833	$ 13,954,828
Restricted cash and cash equivalents - (Shuttered Venue Operators Grant)	10,000,000	-
Restricted cash and cash equivalents - (letters of credit)	1,300,000	1,300,000
	$ 25,769,833	$ 15,254,828

10. LOAN PAYABLE AND LINE OF CREDIT

Line of Credit and Swap Agreement (Current)

In March 2021, the Organization refinanced the line of credit with a financial fund. The new credit facility has a maximum availability of $25,000,000 (of which $13,564,756 is outstanding as of August 31, 2021) and bears interest at Fed Funds Upper Target Range + 0.55%. The credit facility is due on demand and is collateralized by investments and cash and cash equivalents held by the financial fund up to approximately 200% of the outstanding amount of the loan balance at any point in time.

In March 2021, the Organization entered into a 7-year amended interest swap agreement to reduce the impact of changes in interest rates on the $13,600,000 long-term debt. The contract entitles the Organization to receive the amount, if any, by which the US Fed Funds Rate (arithmetic averaging) rate falls below the fixed rate of 0.59% or to pay the amount, if any. The notional amount of the contract was $13,600,000 as of August 31, 2021. The swap agreement is secured by cash and cash equivalents held at the same financial institution. The MTM valuation represents the bank's estimate of the net present value of the expected cash flows from each transaction between the Organization and the bank which is subject to the Derivatives Contract using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation. The interest rate swap agreement matures at the time the related note matures. The fair value of the interest rate swap contract was $183,584 on August 31, 2021, and is reflected in the statements of financial position as an asset. The change in the value of the interest rate swap contract was $183,584 for the year ended August 31, 2021, and is reflected in the statements of activities.

Line of Credit and Swap Agreement (Refinanced Above)

In October 2020, the Organization refinanced the $13,564,756 loan and the $7,000,000 available line of credit with a financial institution. The credit facility had a maximum availability of $25,000,000 and bore interest at one month LIBOR plus 1.05%. The credit facility was secured by certain investments and cash and cash equivalents held at the same financial institution. The Organization entered into a 7-year swap agreement for an amount up to $13,600,000 for a fixed rate of 0.645%. The Organization refinanced this loan in March 2021 and swap agreement, see above.

Term Loan and Cap Agreement (Refinanced Above)

In May 2016, the Organization entered a 5-year term loan agreement with a financial institution which provided for maximum borrowings of $14,005,000 ($13,564,756 outstanding as of August 31, 2020) with annual interest of one month LIBOR plus 1.05%. Interest on the term loan was due monthly with the principal amount due at maturity, July 31, 2021. The term loan was secured by certain investments and cash and cash equivalents held at the same financial institution. The term loan contained certain administrative and restrictive financial covenants which provide for, among other things, minimum net assets. As of August 31, 2020, the Organization was in compliance with these covenants. The loan was refinanced in October 2020, see above.

On April 24, 2018, the Organization entered into an interest rate cap agreement on the term loan to reduce the impact of changes in interest rates on its one month LIBOR on the $13,500,000 long-term debt. The annual interest rate was one month LIBOR capped at 3% plus 1.05%. The interest rate cap agreement matured at the time the related note matured on July 31, 2021. Per the interest rate cap agreement, the Organization paid $103,500 for the capped rate which was being amortized on a straight-line basis over the term of the loan. The straight-line method is not significantly different from the effective interest rate method. Amortization expense for the years ended August 31, 2021 and 2020 was $29,191 and $31,847, respectively. This agreement was cancelled upon refinancing in October 2020.

Line of Credit (Closed)

During the year ended August 31, 2020, the Organization had a revolving line of credit with a financial institution with a maximum availability of $7,000,000. The line of credit bore interest at the Daily Adjusting LIBOR plus 2.20%. No amounts were borrowed during the year ended August 31, 2020. The line of credit was secured by certain investments and cash and cash equivalents held at the same financial institution. The line of credit was closed during the year ended August 31, 2021.

Interest expense for the years ended August 31, 2021 and 2020 was $194,962 and $315,847, respectively.

11. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 27, 2020, the Organization issued an unsecured promissory note (the “PPP1 Loan”) for $5,397,500 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 July 1, 2021, the Organization was informed that its application for forgiveness of $5,397,500 of the PPP1 Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt, of which $4,547,395 relates to expenses incurred during the year ended August 31, 2020, which is shown as non-operating activities in the accompanying statements of activities with the remaining balance of $850,105 shown within operating activities.

On May 12, 2021, the Organization issued an unsecured promissory note (the “PPP2 Loan”) for $2,000,000 through the Paycheck Protection Program ("PPP") established under the Consolidated Appropriations Act of 2021, and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed (“Covered Period”), and otherwise satisfied PPP2 requirements. The PPP2 Loan was made through Pursuit BDC (the “Lender”), has a five-year term, bears interest at 1.00% per annum, and matures on May 12, 2026. The PPP2 Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Organization will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the PPP2 Loan will be forgiven. The Organization anticipates forgiveness of the PPP2 Loan and, therefore, the full amount has been treated as a current liability on the statements of financial position.

Future maturities of the PPP2 Loan, assuming it is not forgiven, are as follows for the year ending August 31:

2022	$ 166,667
2023	400,000
2024	400,000
2025	400,000
2026	400,000
2027	233,333
Total PPP2 Loan	$ 2,000,000

12. COMMITMENTS AND CONTINGENCIES

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

b) The Organization occupies administrative space on West 39th Street under an operating lease with a term that expires December 31, 2029. The lease requires payments subject to annual increases, as well as increases for subsequent increases in taxes. During the year ended August 31, 2021, the Organization and the lessor agreed to defer the lease payments in amount of $200,000 until the lease expiration date, December 31, 2029.

The Organization occupies the American Airlines Theatre under a thirty-year operating lease with The New 42nd Street, Inc. (“New 42”) which expires June 30, 2030. The lease requires annual payments subject to increases by the greater of $50,000 or the increase in the cost-of-living (NYC INDEX) every sixth year, with a cap on the cost-of-living of 20% of the prior base rent. The rent was reset to $510,000 and $560,000 respectively, at the third review date of August 1, 2015 and at the fourth review date of August 1, 2020. In addition, New 42 is entitled to 20% of any income derived from signage on the face of the building, and additional rent for certain commercial uses of the facility. The lease has eleven renewal options, each for a term of five years. None of these amounts are reflected in future minimum lease payments detailed below. During the year ended August 31, 2021, the rent was abated for a total amount of $50,000 due to the impacts of COVID-19.

The Organization also occupies a theatre (Harold and Miriam Steinberg Center for Theatre) under an operating lease with a term that expires October 31, 2022. The lease provides for a fixed annual rental of $750,000.

The Organization occupies the Henry Miller's Theatre under a twenty-year operating lease with the company of a Board member. The lease expires June 14, 2029. This facility, located at One Bryant Park, was renamed as the Stephen Sondheim Theatre. Pursuant to the terms of the lease, the Organization made a payment of $6 million toward the construction of the theatre. The lease requires annual payments for rent, initially $250,000 per annum and increasing to $332,750 over the term of the lease. Additional annual rent is required for real estate taxes, air conditioning and other building expense, subject to annual increases. The Organization may also be obligated to pay additional rent based on net rental income as defined in the lease and its subsequent amendments. The lease includes certain restrictions as to the use of the theatre.

The Organization also leases rehearsal facilities under operating leases. Leases for rehearsal spaces expire in 2025. The Organization also leases various office and production equipment under short-term operating leases.

Rent expense, including the adjustment for deferred rent credit, and real estate taxes under the leases for the years ended August 31, 2021 and 2020 was $3,452,982 and $3,736,624, respectively.

Generally accepted accounting principles in the United States of America require the Organization to amortize the aggregate of the total minimum lease payments on the 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 leases is recorded as deferred rent in the statement of financial position. Deferred rent for the above leases as of August 31, 2021 and 2020 was $2,719,663 and $2,506,765, respectively.

The minimum annual rental payments for all leases as of August 31, 2021 are as follows:

2022	$ 3,605,639
2023	2,997,417
2024	2,952,352
2025	3,162,731
2026	2,673,189
Thereafter	8,735,492
	$ 24,126,820

c) In 2014, the Organization entered into a retention agreement with an executive under which, upon the completion of continuous service until February 14, 2022, the executive will receive $1 million, payable in equal installments on February 14, 2020, 2021 and 2022. As of August 31, 2021 and 2020, a cumulative total of $333,358 and $666,691 has been accrued, respectively. During the year ended August 31, 2021, the Organization made a payment under this agreement. If the executive is replaced or duties curtailed other than for "cause" before completing continuous service until February 14, 2022, the executive would be due an amount equal to one-month base salary for each year of service since 1990, payable over thirty-six months.

d) During the year ended August 31, 2020, the Organization entered into a retention agreement with another executive of the Organization, in which the executive is entitled to a yearly bonus upon the completion of continuous employment through the date of payment. Payments are due in four annual installments commencing August 31, 2021, with the fifth installment due May 7, 2025. If the executive's employment terminated for any reason, the right to annual installment shall be forfeited. During the year ended August 31, 2021, the Organization made a payment of $405,000 under this agreement.

e) 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. In some cases, when 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.

f) The Organization has been named in two pending litigations. Management believes that its insurance coverage will be sufficient to cover any loss if incurred.

The Organization has been named in one open claim for personal injury sustained at premises leased or owned by the Organization. Management believes that its insurance coverage will be sufficient to cover any claim which may be realized.

g) As of August 31, 2021, the Organization was awarded funds from the Department of Cultural Affairs ("DCA") for American Airlines HVAC replacements, American Airlines betterment and Studio 54 fire and life safety system and Harold and Miriam Steinberg Center for Theatre HVAC and fire system replacements of approximately $13,000,000 through reimbursement grants. The total budget for these projects is estimated at $25,500,000. The Organization completed Phase 1 of American Airlines HVAC replacements, Phase 1 of American Airlines betterment and Studio 54 fire and life safety system projects in fiscal year 2021 and expects to commence Harold and Miriam Steinberg Center for Theatre HVAC and fire system replacements project in fiscal year 2022 or later. The Organization received approximately $2M from DCA towards these projects during the year ended August 31, 2021. The balance of the reimbursement grants is expected to be received in the future once all contracts are registered and eligible expenses are approved by DCA. Reimbursements are reflected once received.

h) The Organization has entered into an agreement with a concessionaire for the right to occupy the Organization's concession area in order to provide and sell food and refreshment services at all theatres. The agreement expires August 31, 2025. The Organization is entitled to a percentage of concession receipts for all sales and an annual in kind contribution from the concessionaire. In addition to retaining a percentage of the sales, the concessionaire is entitled to a weekly management fee.

i) The Organization has entered into an agreement with a merchandise company for the right to sell merchandise items at all theatres. The agreement expires August 31, 2023. The Organization is entitled to a percentage of receipts for all sales

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

a) The Organization has a 401(k) salary deferral plan covering substantially all its non-union employees who meet the eligibility requirements. Under the plan, employees may make voluntary contributions and the Organization may make a contribution to the plan on a discretionary basis, generally 5% of an employee's compensation (with certain increases depending on staff position). During the year ended August 31, 2020, the Organization contributed a total of $370,864. Due to COVID-19, as of May 1, 2020 through August 31, 2021, the Organization suspended employer contributions under this plan.

   The Organization has a 403(b) salary deferral plan. The plan is employee contributory only.

b) 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 31% (2021) and 63% (2020) of the Organization’s employees and contractors are participants in multiemployer plans for the years ended August 31, 2021 and 2020, respectively. Pension and welfare contributions for multiemployer plans were $277,295 and $2,961,869 for the years ended August 31, 2021 and 2020, respectively.

14. SHUTTERED VENUE OPERATORS GRANT

On June 23, 2021, the Organization was awarded a Shuttered Venue Operators Grant from the U.S. Small Business Administration (“SBA”) in the amount of $10,000,000. This cost-reimbursable federal grant covers allowable qualifying expenses for the period from March 1, 2020 through June 30, 2022. The Organization did not use any grant funds for eligible expenses during the year ended August 31, 2021 and plans to use the total award of $10,000,000 during the year ending August 31, 2022.

15. EMPLOYEE RETENTION CREDITS

The Organization has applied for the employee retention credit in the amount of $2,379,614. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended August 31, 2021, the Organization recorded revenue totaling $1,176,011, of which $417,870 relates to expenses incurred during the year ended August 31, 2020, which is shown as non-operating activities in the accompanying statements of activities.

16. DONATED SERVICES AND MATERIALS

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization received donated services and materials during the years ended August 31, 2021 and 2020 in the amount of $193,463 and $300,941, respectively, in support of its programs. The fair market value has been recorded in the accompanying financial statements.

17. FUNCTIONAL ALLOCATION OF EXPENSES

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

18. NEW ACCOUNTING PRONOUNCEMENTS ISSUED 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.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is 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.

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

19. RISKS AND UNCERTAINTIES

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

20. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 15, 2021, 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.