ROUNDABOUT THEATRE COMPANY, INC.
Financial Statements
August 31, 2023 and 2022
With Independent Auditor's Report

Roundabout Theatre Company, Inc.
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August 31, 2023 and 2022

withum ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Roundabout Theatre Company, Inc. (the "Organization"), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Codification ("ASC") Topic 842, *Leases*, as of September 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Organization's historic accounting under ASC Topic 840, *Leases*. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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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 would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Withum Smith+Brown, PC

December 12, 2023

Roundabout Theatre Company, Inc.
Statements of Financial Position
August 31, 2023 and 2022

	2023					2022				
	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	$ 5,867,790	$ 3,889,282	$ 9,757,072	$ 736,415	$ 10,493,487	$ 3,562,578	$ 6,380,854	$ 9,943,432	$ 2,142,522	$ 12,085,954
Accounts receivable	2,457,588	-	2,457,588	-	2,457,588	868,400	-	868,400	-	868,400
Unconditional promises to give, net	1,521,014	389,593	1,910,607	3,430,000	5,340,607	955,991	193,369	1,149,360	1,664,889	2,814,249
Investments	422,300	47,226,070	47,648,370	-	47,648,370	491,893	46,607,594	47,099,487	-	47,099,487
Interfund	(971,558)	971,558	-	-	-	(4,017,129)	4,017,129	-	-	-
Prepaid expenses	586,080	-	586,080	-	586,080	137,723	-	137,723	-	137,723
Prepaid production costs	1,032,262	-	1,032,262	-	1,032,262	1,764,029	-	1,764,029	-	1,764,029
Employee retention credit receivable	-	-	-	-	-	3,629,641	-	3,629,641	-	3,629,641
Total current assets	10,915,476	52,476,503	63,391,979	4,166,415	67,558,394	7,393,126	57,198,946	64,592,072	3,807,411	68,399,483
Unconditional promises to give, net	-	196,522	196,522	6,123,461	6,319,983	-	389,606	389,606	576,562	966,168
Investments	-	-	-	2,757,880	2,757,880	-	-	-	3,378,962	3,378,962
Interest rate swap	1,862,826	-	1,862,826		1,862,826	1,618,664	-	1,618,664	-	1,618,664
Restricted cash and cash equivalents	1,300,000	-	1,300,000	-	1,300,000	1,300,000	-	1,300,000	-	1,300,000
Restricted investments	13,564,756	-	13,564,756	-	13,564,756	16,064,756	-	16,064,756	-	16,064,756
Property and equipment, at cost, net of accumulated depreciation and amortization	50,471,243	-	50,471,243	-	50,471,243	51,655,054	-	51,655,054	-	51,655,054
Right-of-use asset - operating, net	28,304,601		28,304,601	-	28,304,601	-	-	-	-	-
Security deposits	314,972	-	314,972	-	314,972	309,472	-	309,472	-	309,472
Other assets	20,000	-	20,000	-	20,000	20,000	-	20,000	-	20,000
Total assets	$ 106,753,874	$ 52,673,025	$ 159,426,899	$ 13,047,756	$ 172,474,655	$ 78,361,072	$ 57,588,552	$ 135,949,624	$ 7,762,935	$ 143,712,559
Liabilities and Net Assets										
Liabilities										
Current liabilities										
Loan payable	$ 13,564,756	$ -	$ 13,564,756	$ -	$ 13,564,756	$ 16,064,756	$ -	$ 16,064,756	$ -	$ 16,064,756
Accounts payable and accrued expenses	3,185,497	-	3,185,497	-	3,185,497	3,898,406	-	3,898,406	-	3,898,406
Salaries and other payroll related payables	872,839	-	872,839	-	872,839	1,140,047	-	1,140,047	-	1,140,047
Advance renter ticket sales	5,443,099	-	5,443,099	-	5,443,099	799,172	-	799,172	-	799,172
Advance admissions and subscriptions	3,904,752	-	3,904,752	-	3,904,752	5,067,608	-	5,067,608	-	5,067,608
Current portion of lease liabilities - operating	2,791,824	-	2,791,824	-	2,791,824	-	-	-	-	-
Deferred rent	-	-	-	-	-	194,885	-	194,885	-	194,885
Total current assets	29,762,767	-	29,762,767	-	29,762,767	27,164,874	-	27,164,874	-	27,164,874
Lease liabilities - operating, less current portion	28,451,831	-	28,451,831	-	28,451,831	-	-	-	-	-
Retention payment payable	-	-	-	-	-	142,857	-	142,857	-	142,857
Deferred rent	-	-	-	-	-	2,241,477	-	2,241,477	-	2,241,477
Total liabilities	58,214,598	-	58,214,598	-	58,214,598	29,549,208	-	29,549,208	-	29,549,208
Net assets (deficit)										
Without donor restrictions										
Property and equipment, net	50,471,243	-	50,471,243	-	50,471,243	51,655,054	-	51,655,054	-	51,655,054
Board designated	-	52,673,025	52,673,025	-	52,673,025	-	57,588,552	57,588,552	-	57,588,552
Undesignated (accumulated deficit)	(1,931,967)	-	(1,931,967)	-	(1,931,967)	(2,843,190)	-	(2,843,190)	-	(2,843,190)
With donor restrictions	-	-	-	13,047,756	13,047,756	-	-	-	7,762,935	7,762,935
Total net assets	48,539,276	52,673,025	101,212,301	13,047,756	114,260,057	48,811,864	57,588,552	106,400,416	7,762,935	114,163,351
Total liabilities and net assets	$ 106,753,874	$ 52,673,025	$ 159,426,899	$ 13,047,756	$ 172,474,655	$ 78,361,072	$ 57,588,552	$ 135,949,624	$ 7,762,935	$ 143,712,559

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

Roundabout Theatre Company, Inc.
Statements of Activities
Years Ended August 31, 2023 and 2022

	2023					2022				
	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 - contributions of financial assets										
Government, foundations, corporations and individuals	$ 9,734,874	$ 1,577,915	$ 11,312,789	$ 9,179,124	$ 20,491,913	$ 8,656,318	$ 148,613	$ 8,804,931	$ 3,094,149	$ 11,899,080
Shuttered Venue Operators Grant income	-	-	-	-	-	10,000,000	-	10,000,000	-	10,000,000
Fundraising events revenue	5,146,464	-	5,146,464	-	5,146,464	3,909,527	-	3,909,527	-	3,909,527
Less: Direct costs of fundraising events	(881,723)	-	(881,723)	-	(881,723)	(641,584)	-	(641,584)	-	(641,584)
Fundraising events, net	4,264,741	-	4,264,741	-	4,264,741	3,267,943	-	3,267,943	-	3,267,943
Appropriation from board designated fund	8,307,206	-	8,307,206	-	8,307,206	3,224,608	-	3,224,608	-	3,224,608
Appropriation from endowment	161,696	-	161,696	-	161,696	160,053	-	160,053	-	160,053
Reclassification of donor designation	-	694,157	694,157	-	694,157	-	-	-	-	-
Net assets released from time and purpose restriction										
Government, foundations, corporations and individuals	3,245,105	50,000	3,295,105	(3,295,105)	-	6,420,192	1,164,000	7,584,192	(7,584,192)	-
Contributions of non-financial assets	252,218	-	252,218	-	252,218	214,148	-	214,148	-	214,148
Total public support	25,965,840	2,322,072	28,287,912	5,884,019	34,171,931	31,943,262	1,312,613	33,255,875	(4,490,043)	28,765,832
Other revenue										
Rental income	19,227,359	-	19,227,359	-	19,227,359	9,660,536	-	9,660,536	-	9,660,536
Admissions and subscriptions, net of credit card fees of $245,255 (2023) and $287,535 (2022)	9,382,164	-	9,382,164	-	9,382,164	11,280,128	-	11,280,128	-	11,280,128
Touring Income	5,751,501	-	5,751,501	-	5,751,501	-	-	-	-	-
Ticket handling fees	2,615,733	-	2,615,733	-	2,615,733	531,477	-	531,477	-	531,477
Concession and merchandise income	1,154,319	-	1,154,319	-	1,154,319	76,159	-	76,159	-	76,159
Facility fees	1,142,688	-	1,142,688	-	1,142,688	587,030	-	587,030	-	587,030
Education income	216,995	-	216,995	-	216,995	198,472	-	198,472	-	198,472
Royalty income	187,651	-	187,651	-	187,651	84,014	-	84,014	-	84,014
Investment return, net	163,677	-	163,677	-	163,677	(78,801)	-	(78,801)	-	(78,801)
Insurance premium refund	146,968	-	146,968	-	146,968	89,112	-	89,112	-	89,112
Other income	83,021	-	83,021	-	83,021	93,009	-	93,009	-	93,009
Cast album income	50,000	-	50,000	-	50,000	-	-	-	-	-
Enhancement income	-	-	-	-	-	1,432,500	-	1,432,500	-	1,432,500
Employee retention credit income	-	-	-	-	-	311,353	-	311,353	-	311,353
Total other revenue	40,122,076	-	40,122,076	-	40,122,076	24,264,989	-	24,264,989	-	24,264,989
Total public support and other revenue	66,087,916	2,322,072	68,409,988	5,884,019	74,294,007	56,208,251	1,312,613	57,520,864	(4,490,043)	53,030,821
Expenses										
Program services	62,536,069	-	62,536,069	-	62,536,069	51,651,673	-	51,651,673	-	51,651,673
Supporting services										
Management and general	4,929,873	534,771	5,464,644	-	5,464,644	4,731,170	2,678	4,733,848	-	4,733,848
Fundraising	3,772,171	6,450	3,778,621	-	3,778,621	4,043,105	-	4,043,105	-	4,043,105
Total supporting services	8,702,044	541,221	9,243,265	-	9,243,265	8,774,275	2,678	8,776,953	-	8,776,953
Total expenses	71,238,113	541,221	71,779,334	-	71,779,334	60,425,948	2,678	60,428,626	-	60,428,626
Changes in net assets before non-operating activities (carried forward)	(5,150,197) *	1,780,851	(3,369,346)	5,884,019	2,514,673	(4,217,697) *	1,309,935	(2,907,762)	(4,490,043)	(7,397,805)
* Includes depreciation of $4,586,950 (2023) and $4,682,727 (2022)										
Changes in net assets before depreciation and non-operating activities	$ (563,247)					$ 465,030				

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

Roundabout Theatre Company, Inc.
Statements of Activities
Years Ended August 31, 2023 and 2022

	2023					2022				
	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)	$ (5,150,197)	$ 1,780,851	$ (3,369,346)	$ 5,884,019	$ 2,514,673	$ (4,217,697)	$ 1,309,935	$ (2,907,762)	$ (4,490,043)	$ (7,397,805)
Non-operating activities										
Capital contributions	833,447	-	833,447	-	833,447	1,369,464	-	1,369,464	-	1,369,464
Change in value of interest rate swap	244,162	-	244,162	-	244,162	1,435,080	-	1,435,080	-	1,435,080
Investment return, net	-	5,410,828	5,410,828	256,655	5,667,483	-	(12,364,467)	(12,364,467)	(458,980)	(12,823,447)
Appropriation from board designated fund	3,800,000	(12,107,206)	(8,307,206)	-	(8,307,206)	-	(3,224,608)	(3,224,608)	-	(3,224,608)
Appropriation from endowment	-	-	-	(161,696)	(161,696)	-	-	-	(160,053)	(160,053)
Reclassification of donor designation	-	-	-	(694,157)	(694,157)	-	-	-	-	-
Employee retention credit income	-	-	-	-	-	1,051,805	-	1,051,805	-	1,051,805
PPP2 loan forgiveness	-	-	-	-	-	2,000,000	-	2,000,000	-	2,000,000
Total non-operating activities	4,877,609	(6,696,378)	(1,818,769)	(599,198)	(2,417,967)	5,856,349	(15,589,075)	(9,732,726)	(619,033)	(10,351,759)
Changes in net assets	(272,588)	(4,915,527)	(5,188,115)	5,284,821	96,706	1,638,652	(14,279,140)	(12,640,488)	(5,109,076)	(17,749,564)
Net assets										
Beginning of year	48,811,864	57,588,552	106,400,416	7,762,935	114,163,351	47,173,212	71,867,692	119,040,904	12,872,011	131,912,915
End of year	$ 48,539,276	$ 52,673,025	$ 101,212,301	$ 13,047,756	$ 114,260,057	$ 48,811,864	$ 57,588,552	$ 106,400,416	$ 7,762,935	$ 114,163,351

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

Roundabout Theatre Company, Inc.
Statement of Functional Expenses
Year Ended August 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Cost of Direct Benefits to Donors	Total Expenses
Salaries, payroll taxes and benefits	$ 36,213,686	$ 2,913,231	$ 2,564,357	$ 5,477,588	$ -	$ 41,691,274
Physical production	5,002,816	-	-	-	-	5,002,816
Travel, housing and space rentals	1,650,887	15,342	8,402	23,744	315,131	1,989,762
Press, publicity, and advertising	5,700,914	-	-	-	-	5,700,914
Royalties	517,660	-	-	-	-	517,660
Telephone, postage and supplies	370,292	66,420	155,719	222,139	-	592,431
Special series and events costs	254,404	6,049	119,991	126,040	506,736	887,180
Admissions and subscriptions credit card fees	245,255	-	-	-	-	245,255
Printing and publication	60,809	-	11,159	11,159	59,856	131,824
Outside services	936,437	820,689	85,677	906,366	-	1,842,803
COVID-19 safety expenses	712,469	25,075	5,393	30,468	-	742,937
Telefundraising	-	-	318,037	318,037	-	318,037
Insurance	712,279	337,960	54,366	392,326	-	1,104,605
Lease expense	3,586,420	376,693	81,015	457,708	-	4,044,128
Utilities and maintenance	2,201,768	100,755	21,669	122,424	-	2,324,192
Interest	-	365,541	-	365,541	-	365,541
Bad debt expense	-	-	128,578	128,578	-	128,578
Training and recruitment	98,671	71,265	11,099	82,364	-	181,035
Credit card fees and bank charges	-	17,634	52,802	70,436	-	70,436
Dues and memberships	52,403	26,435	9,326	35,761	-	88,164
Meetings and conferences	28,567	1,393	2,751	4,144	-	32,711
Other expenses	188,382	40,552	88,145	128,697	-	317,079
Depreciation and amortization	4,247,205	279,610	60,135	339,745	-	4,586,950
Total expenses	62,781,324	5,464,644	3,778,621	9,243,265	881,723	72,906,312
Less: Expenses included with revenues on the statements of activities						
Direct costs of fundraising events	-	-	-	-	(881,723)	(881,723)
Admissions and subscriptions credit card fees	(245,255)	-	-	-	-	(245,255)
	$ 62,536,069	$ 5,464,644	$ 3,778,621	$ 9,243,265	$ -	$ 71,779,334

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

Roundabout Theatre Company, Inc.
Statement of Functional Expenses
Year Ended August 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Cost of Direct Benefits to Donors	Total Expenses
Salaries, payroll taxes and benefits	$ 27,780,318	$ 2,480,375	$ 2,620,802	$ 5,101,177	$ -	$ 32,881,495
Physical production	2,017,180	-	-	-	-	2,017,180
Travel, housing and space rentals	653,497	8,613	18,938	27,551	214,480	895,528
Press, publicity, and advertising	7,607,065	-	-	-	-	7,607,065
Royalties	408,773	-	-	-	-	408,773
Telephone, postage and supplies	346,553	67,670	155,014	222,684	-	569,237
Special series and events costs	189,069	26,700	98,938	125,638	383,386	698,093
Admissions and subscriptions credit card fees	287,535	-	-	-	-	287,535
Printing and publication	102,447	-	27,964	27,964	43,718	174,129
Outside services	953,741	461,453	260,119	721,572	-	1,675,313
COVID-19 safety expenses	1,330,374	40,887	8,794	49,681	-	1,380,055
Telefundraising	-	-	276,756	276,756	-	276,756
Insurance	530,904	317,698	51,175	368,873	-	899,777
Lease expense	2,947,505	636,925	136,982	773,907	-	3,721,412
Utilities and maintenance	2,013,873	134,722	28,974	163,696	-	2,177,569
Interest	-	173,213	-	173,213	-	173,213
Bad debt expense	-	-	132,960	132,960	-	132,960
Training and recruitment	64,836	14,675	56,943	71,618	-	136,454
Credit card fees and bank charges	-	102,497	53,011	155,508	-	155,508
Dues and memberships	51,874	15,923	4,097	20,020	-	71,894
Meetings and conferences	31,135	1,395	3,187	4,582	-	35,717
Other expenses	201,396	35,810	62,149	97,959	-	299,355
Depreciation and amortization	4,421,133	215,292	46,302	261,594	-	4,682,727
Total expenses	51,939,208	4,733,848	4,043,105	8,776,953	641,584	61,357,745
Less: Expenses included with revenues on the statements of activities						
Direct costs of fundraising events	-	-	-	-	(641,584)	(641,584)
Admissions and subscriptions credit card fees	(287,535)	-	-	-	-	(287,535)
	$ 51,651,673	$ 4,733,848	$ 4,043,105	$ 8,776,953	$ -	$ 60,428,626

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

Roundabout Theatre Company, Inc.
Statements of Cash Flows
Years Ended August 31, 2023 and 2022

	2023	2022
Operating activities		
Changes in net assets	$ 96,706	$ (17,749,564)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	4,586,950	4,682,727
Amortization of right-of-use asset - operating	2,673,103	-
Change in allowance for uncollectible promises to give and discount to present value	1,048,662	(51,410)
Donated securities	(1,577,520)	(1,471,857)
Realized gain on sale of investments	(2,254,914)	(2,275,432)
Unrealized (gain) loss on investments	(1,748,116)	18,236,825
Unrealized gain on interest rate swap	(244,162)	(1,435,080)
Bad debt expense	128,578	132,960
PPP loan forgiveness	-	(2,000,000)
Changes in assets and liabilities:		
Accounts receivable	(1,589,188)	382,358
Employee retention credit receivable	3,629,641	(1,250,027)
Unconditional promises to give	(9,057,413)	1,949,169
Prepaid expenses	(448,357)	190,579
Prepaid production costs	731,767	(1,086,271)
Security deposits	(5,500)	(1,010)
Accounts payable and accrued expenses	(712,909)	480,262
Salaries and other payroll related payables	(267,208)	(357,199)
Advance renter ticket sales	4,643,927	(1,243,555)
Advance admissions and subscriptions	(1,162,856)	(1,865,214)
Retention payment payable	(142,857)	(190,501)
Lease liabilities - operating	265,951	-
Deferred rent	(2,436,362)	(182,340)
Refundable advance - Shuttered Venue Operators Grant	-	(10,000,000)
Net cash used in operating activities	(3,842,077)	(15,104,580)
Investing activities		
Purchases of property and equipment	(3,403,139)	(5,689,128)
Proceeds from sale of investments	17,271,030	22,589,419
Purchases of investments	(9,118,281)	(16,679,590)
Net cash provided by investing activities	4,749,610	220,701
Financing activities		
Draw down on loan payable	2,000,000	2,500,000
Payment toward loan payable	(4,500,000)	-
Net cash (used in) provided by financing activities	(2,500,000)	2,500,000
Net change in cash, cash equivalents and restricted cash	(1,592,467)	(12,383,879)
Cash, cash equivalents and restricted cash		
Beginning of year	13,385,954	25,769,833
End of year	$ 11,793,487	$ 13,385,954
Supplemental disclosure of cash flow information		
Cash paid for interest (loan)	$ 365,541	$ 173,213
Right-of-use assets obtained in exchange for operating lease liabilities	$ 30,977,704	$ -
Deferred rent liability included in operating lease right-of-use assets	$ 2,436,362	$ -

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 and curating both "Broadway" and "Off-Broadway" theatrical productions throughout the year. The Organization's support comes primarily from admission and subscription revenue, theatre rental income and contributions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

Net assets without donor restrictions: Net assets that include expendable resources that are used to carry out the Organization's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements 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 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 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 includes in its 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 manner in which the Organization manages its financial activities. Capital contributions, investment return, net of amounts used for operations, changes in the value of the interest rate swap and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as nonoperating activities.

Cash and Cash Equivalents

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

Fair Value Measurements

Fair value is 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 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.

Fixed income, domestic and international equities - Valued at quoted market prices for identical assets in active markets.

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, 2022 to August 31, 2023.

Derivative Instruments

The Organization accounts for derivative 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 Federal Funds Rate in the United States (arithmetic averaging) and proprietary models.

Investments

Investments in marketable securities are reported at fair value in the accompanying statements of financial position. Unrealized gains and losses are included in changes in net assets in the accompanying statements of activities. Investments received by gift are initially recorded at fair value at the date of receipt. The fair values assigned to these assets do not necessarily represent amounts that might be realized upon their ultimate disposition. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements. Gains and losses on sales of investments are determined using the average cost method. Investment income (loss) is shown net of direct external expenses.

As a practical expedient, investments without a readily determinable fair value, such as hedge funds, are reflected at net asset value as reported by the fund managers or general partners and may differ significantly from the values that would have been reported had a ready market for these investments existed.

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 August 31, 2023 and 2022 was $5,700,914 and $7,607,065, respectively.

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 $20,000 (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 the 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.

Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. The Organization had no finance leases during 2023 and 2022.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the risk-free rate. Right-of-use ("ROU") assets are recognized based on the initial present value of the fixed lease payments plus any costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Certain lease contracts include obligations to pay for property taxes. For leases of property, the Organization accounts for these as a component of the lease.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation and amortization, present value of unconditional promises to give and reserve for uncollectible promises to give, fair value of investments, fair value of the interest rate swap, valuation of operating right-of-use assets and related lease liabilities, and functional allocation of expenses. 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 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 Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization did not recognize any tax related interest and/or penalties in the accompanying financial statements but would record any such interest and/or penalties as a component of other expense.

Revenue and Support Recognition

Contributions and Promises to Give - Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. 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, enhancement income, touring income, ticket handling fee income, facility fee income, royalty income, education income, concession and merchandise income and cast album income as exchange transactions in the statements of activities. 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 advance admissions and subscriptions in the statements of financial position.

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

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. 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.

Rental Income
Rental income received for the use of the Organization's theatre. The Organization receives a fixed amount of income for the use of the theatre and in some cases percentage of weekly box office income along with reimbursable amounts for the payment of union workers at the theatre. Rental income is recognized at a specific point in time, which is when the performance at the rented theatre takes place.

Enhancement Income
Enhancement income represents income received by the Organization to produce and present plays and musicals. The Organization receives income as reimbursement for production costs which is recognized at specific points in time based on the terms of the agreements.

Touring Income
Touring income represents income received by the Organization to produce and present touring productions of plays and musicals. The Organization receives a guaranteed amount for the presentation and overage representing a percentage of gross box office receipts over a contractual amount and expenses retained by the presenter. Touring income is recognized at a specific point in time, which is when the performance at the touring production takes place.

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 statements 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 statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

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.

Other revenues are obtained from 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.

The timing of revenue recognition, billings and cash collections results in contract liabilities. Contract liabilities as of August 31, 2023 and 2022 were $3,904,752 and $5,067,608, respectively, and are reflected as advance admissions and subscriptions on the statements of financial position. The opening balances at September 1, 2021 for accounts receivable and advance admissions and subscriptions were $1,250,758 and $6,932,822, respectively.

The Organization receives advance ticket sales for the productions renting the Organization's theatres and the sales are payable to the renter and are reflected as advance renter ticket sales. Contract liabilities as of August 31, 2023 and 2022 were $5,443,099 and $799,172, respectively, and are reflected as advance renter ticket sales on the statements of financial position.

New Accounting Pronouncements Adopted in the Current Year

In February 2016, the Financial Accounting Standards Board issued an Accounting Standards Update amending the accounting for leases. The Organization adopted the new standard on September 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. Upon adoption, the Organization recognized $30,977,704 in right-of-use ("ROU") assets related to its leased property. Corresponding lease liabilities of $33,414,066 were also recognized in the statements of financial position. Deferred rent liabilities of $2,436,362 were reclassified and netted against the ROU asset. There was no cumulative effect of applying the new standard and accordingly, there was no adjustment to net assets upon adoption.

Reclassification

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

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, 2023 and 2022, the Board approved transfers to operations of $8,307,206 and $3,224,608, respectively. During the year ended August 31, 2023, the Board approved a transfer of $3,800,000 for expenditures on capital projects.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes as of August 31:

	2023	2022
Grants and contributions (future periods and programs)		
Renaming campaign	$ 7,425,000	$ -
Time restrictions	2,420,000	1,272,407
Future productions and programs	1,970,173	3,631,791
	11,815,173	4,904,198
Less: Allowance for uncollectible promises to give	(344,939)	(110,154)
Less: Discount to present value	(826,599)	(34,428)
	10,643,635	4,759,616
Accumulated endowment earnings	611,446	731,134
	11,255,081	5,490,750
Donor-designated endowments (to be held in perpetuity)		
Education Endowment Fund	1,150,000	1,150,000
General Endowment Fund	642,675	642,675
Todd Haimes Fund for Artistic Excellence	-	479,510
	1,792,675	2,272,185
Total net assets with donor restrictions	$ 13,047,756	$ 7,762,935

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 is spent towards such productions at the discretion of the Artistic Director. During the year ended August 31, 2023, the Organization obtained permission from the donor to release $479,510 from net assets with donor restrictions to net assets without donor restriction.

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

	Without Donor Restrictions	With Donor Restrictions	Total
As of August 31, 2023			
Board designated funds	$ 52,673,025	$ -	$ 52,673,025
Donor-designated endowments	-	2,404,121	2,404,121
	$ 52,673,025	$ 2,404,121	$ 55,077,146
As of August 31, 2022			
Board designated funds	$ 57,588,552	$ -	$ 57,588,552
Donor-designated endowments	-	3,003,319	3,003,319
	$ 57,588,552	$ 3,003,319	$ 60,591,871

The Board of Trustees of the Organization has interpreted the New York Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"), a version of the Uniform Prudent Management of Institutional Funds Act, as requiring the preservation of the 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 NYPMIFA.

In accordance with NYPMIFA, 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 endowment, 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, 2023 and 2022.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original dollar value of the endowment fund or the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. The Organization considers prudence in maintaining an endowment fund in perpetuity and while spending may occur from an endowment fund whose fair value is below its historic value, the Organization has determined that its policies will continue the perpetual nature of the endowment over time. There were no deficiencies as of August 31, 2023 and 2022.

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

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, August 31, 2022	$ 57,588,552	$ 3,003,319	$ 60,591,871
Contributions	1,577,915	-	1,577,915
Transfers in	50,000	-	50,000
Investment return, net	5,410,828	256,655	5,667,483
Board designated/capital campaign expenses	(541,221)	-	(541,221)
Reclassification of donor designation	694,157	(694,157)	-
Appropriation for capital improvements	(3,800,000)	-	(3,800,000)
Appropriation for operations	(8,307,206)	-	(8,307,206)
Appropriation for spending	-	(161,696)	(161,696)
Endowment net assets, August 31, 2023	$ 52,673,025	$ 2,404,121	$ 55,077,146

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, August 31, 2021	$ 71,867,692	$ 3,621,827	$ 75,489,519
Contributions	148,613	-	148,613
Transfers in	1,164,000	-	1,164,000
Investment return, net	(12,364,467)	(458,455)	(12,822,922)
Board designated/capital campaign expenses	(2,678)	-	(2,678)
Appropriation for operations	(3,224,608)	-	(3,224,608)
Appropriation for spending	-	(160,053)	(160,053)
Endowment net assets, August 31, 2022	$ 57,588,552	$ 3,003,319	$ 60,591,871

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2023 and 2022, 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:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 5,867,790	$ 3,562,578
Accounts receivable	2,457,588	868,400
Unconditional promises to give	1,521,014	955,991
Investments	422,300	491,893
Employee retention credit receivable	-	3,629,641
Total financial assets and liquidity resources available within one year	$ 10,268,692	$ 9,508,503

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 $52,700,000 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 due on demand with a maximum availability of $25,000,000 which had $13,564,756 outstanding as of August 31, 2023.

4. CONCENTRATION OF CREDIT RISK

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

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 these securities may occur and that such changes could materially affect the amounts reported on the statements of financial position.

5. FAIR VALUE MEASUREMENTS

The Organization has provided fair disclosure information for relevant assets measured on a recurring basis as of August 31, 2023 and 2022. There were no changes in investment leveling methodologies for the years ended August 31, 2023 and 2022. There were no transfers, purchases or issuances of level 3 investments during the years ended August 31, 2023 and 2022.

The following tables summarize assets which have been accounted for at fair value on a recurring basis as of August 31 along with the basis for the determination of fair value:

As of August 31, 2023	**Fair Value** Level 1	Level 2	Level 3	Total
Fixed income	$ 15,534,402	$ -	$ -	$ 15,534,402
Domestic equities	40,247,658	-	-	40,247,658
International equities	6,952,595	-	-	6,952,595
	$ 62,734,655	$ -	$ -	62,734,655
Investments measured at net asset value (a)				1,236,351
Total investments				$ 63,971,006
Interest rate swap	$ -	$ 1,862,826	$ -	$ 1,862,826

As of August 31, 2022	**Fair Value** Level 1	Level 2	Level 3	Total
Fixed income	$ 14,760,738	$ -	$ -	$ 14,760,738
Domestic equities	44,262,572	-	-	44,262,572
International equities	6,125,436	-	-	6,125,436
	$ 65,148,746	$ -	$ -	65,148,746
Investments measured at net asset value (a)				1,394,459
Total investments				$ 66,543,205
Interest rate swap	$ -	$ 1,618,664	$ -	$ 1,618,664

(a) 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	# of Funds	2023 Valuation	2022 Valuation	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (b)	2	$ 1,236,351	$ 1,394,459	-	Monthly - Quarterly	10 days- 90 days

(b) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including but not limited to multi-strategy, absolute return, long/short arbitrage, event-driven, distressed debt and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives and invest in the debt or equity of public and private companies in domestic and foreign markets.

Investment Return, Net

Investment return, net consists of the following for the years ended August 31:

	2023	2022
Realized gain on sale of investments	$ 2,254,914	$ 2,275,432
Interest and dividend income	1,999,364	3,265,217
Unrealized gain (loss) on investments	1,748,116	(18,236,825)
Investment fees	(171,234)	(206,072)
	$ 5,831,160	$ (12,902,248)

6. PROMISES TO GIVE

Unconditional Promises to Give

When estimating the 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. 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 of August 31:

	2023			
	Less Than One Year	One To Five Years	Five To Nine Years	Total
Without donor restrictions	$ 2,107,660	$ 200,100	$ -	$ 2,307,760
With donor restrictions	3,430,000	6,295,000	1,000,000	10,725,000
	5,537,660	6,495,100	1,000,000	13,032,760
Less: Allowance for uncollectible promises to give	(197,053)	(286,475)	(58,464)	(541,992)
Less: Discount for present value (from 1.77% to 4.23%)	-	(652,874)	(177,304)	(830,178)
	$ 5,340,607	$ 5,555,751	$ 764,232	$ 11,660,590

	2022			
	Less Than One Year	One To Five Years	Five To Nine Years	Total
Without donor restrictions	$ 1,328,286	$ 400,000	$ -	$ 1,728,286
With donor restrictions	1,664,889	710,750	-	2,375,639
	2,993,175	1,110,750	-	4,103,925
Less: Allowance for uncollectible promises to give	(178,926)	(110,154)	-	(289,080)
Less: Discount for present value (from 1.77% to 1.95%)	-	(34,428)	-	(34,428)
	$ 2,814,249	$ 966,168	$ -	$ 3,780,417

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	2023	2022
Theatre acquisition and renovation - Studio 54	5-40	$ 41,911,135	$ 39,931,837
Leasehold improvements - American Airlines Theatre	Life of lease	34,340,579	33,838,443
Leasehold improvements - Steinberg Center	Life of lease	16,706,096	16,477,669
Leasehold improvements - Stephen Sondheim Theatre	Life of lease	9,134,574	9,134,574
Leasehold improvements - 39th Street	Life of lease	3,340,036	3,340,036
Leasehold improvements - rehearsal studio and other	Life of lease	1,014,194	1,014,195
Equipment, furniture and other	5-20	10,735,845	10,042,566
		117,182,459	113,779,320
Less: Accumulated depreciation and amortization		(66,711,216)	(62,124,266)
		$ 50,471,243	$ 51,655,054

Depreciation and amortization expense for the years ended August 31, 2023 and 2022 was $4,586,950 and $4,682,727, 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 ($957,627 and $936,581 issued as of August 31, 2023 and 2022, respectively). At August 31, 2023, three letters of credit were issued against this availability, two in the amounts of $600,000 and $137,500 are in lieu of security deposits under a theatre lease agreement, and the other is a bond with Actors' Equity Association in the amount of $220,127. At August 31, 2022, three letters of credit were issued against this availability, two in the amounts of $600,000 and $137,500 are in lieu of security deposits under a theatre lease agreement, and the other is a bond with Actors' Equity Association in the amount of $199,581.

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, 2023 and 2022, respectively:

	2023	2022
Cash and cash equivalents	$ 10,493,487	$ 12,085,954
Restricted cash and cash equivalents	1,300,000	1,300,000
	$ 11,793,487	$ 13,385,954

10. LINE OF CREDIT AND SWAP AGREEMENT

The Organization has a credit facility with a financial institution with a maximum availability of $25,000,000 (of which $13,564,756 and $16,064,756 were outstanding as of August 31, 2023 and 2022, respectively) and bears interest at Fed Funds Upper Target Range + 0.55% (6.05% and 3.05% as of August 31, 2023 and 2022, respectively). 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.

The Organization entered into a 7-year 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. The swap agreement is secured by cash and cash equivalents held at the same financial institution. The mark-to-market 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 fair value of the interest rate swap contract was $1,862,826 and $1,618,664 on August 31, 2023 and 2022, respectively, and is reflected in the statements of financial position as an asset. The change in the value of the interest rate swap contract was $244,162 and $1,435,080 for the years ended August 31, 2023 and 2022, respectively, and is reflected in the statements of activities.

Interest expense for the years ended August 31, 2023 and 2022 was $365,541 and $173,213, respectively.

11. LEASES

The Organization has entered into several lease agreements for space:

- 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 the 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. Four of the renewal options (a total of 20 years) have been included in the calculation of the lease liability as it is reasonably certain that those renewals will be exercised.

- The Organization also occupies a theatre (Harold and Miriam Steinberg Center for Theatre) under an operating lease with a term that expires April 30, 2033. The lease provides for fixed annual rental payments of $967,857 for the period from November 1, 2022 through October 31, 2027 and $1,062,857 for the remainder of the lease.

- The Organization occupies the Henry Miller's Theatre under a twenty-year operating lease with the company of a Board member. The lease expires on 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 expenses, 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 following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of August 31, 2023:

For the year ending August 31, 2024	$ 3,783,726
" " " " " August 31, 2025	3,907,742
" " " " " August 31, 2026	3,277,935
" " " " " August 31, 2027	3,247,033
" " " " " August 31, 2028	3,363,516
For the fourteen years ending August 31, 2050	22,897,138
Total lease payments	40,477,090
Less: Imputed interest	(9,233,435)
Net principal due as of August 31, 2023	$ 31,243,655

Future minimum lease payments under operating leases as of August 31, 2022 were as follows:

For the year ending August 31, 2023	$ 2,997,417
" " " " " August 31, 2024	2,952,352
" " " " " August 31, 2025	3,162,731
" " " " " August 31, 2026	2,673,189
" " " " " August 31, 2027	2,510,073
Thereafter through August 31, 2030	6,225,419
	$ 20,521,181

Because the rate implicit in the leases is generally not available, the Organization utilizes the risk-free rate as the discount rate. The weighted average discount rate associated with operating leases as of August 31, 2023 is 3.35%. The weighted average remaining lease term associated with operating leases as of August 31, 2023 is 14.9 years.

Leases expense, including real estate taxes, under the leases for the year ended August 31, 2023 was $4,044,128. Leases expense, including the adjustment for deferred rent credit and real estate taxes, under the leases for the year ended August 31, 2022 was $3,721,412.

Cash paid for operating leases for the year ended August 31, 2023 was $3,248,531.

12. COMMITMENTS AND CONTINGENCIES

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

b) The Organization entered into a retention agreement with two executives under which, upon the completion of continuous service through August 31, 2026, each executive will receive $1 million payable in equal installments on August 31, 2026 (or 30 days after the artistic director ceases to serve), with subsequent payments on the first and second anniversaries of the initial payment. If the executive is replaced or duties curtailed other than for "cause" before completing continuous service until August 31, 2026, the executive would be due 100% of the accrued retention bonus not paid. The artistic director passed away during the year ended August 31, 2023, and the Organization made an initial payment of $333,333 to each executive under these agreements.

c) In June of 2020, the Organization entered into a retention agreement with an executive of the Organization, in which the executive was entitled to a yearly bonus upon the completion of continuous employment through the date of payment. Payments were due in four annual installments commencing August 31, 2021, with the fifth installment due May 7, 2025. During the year ended August 31, 2023 and 2022, the Organization made payments of $405,000 under this agreement for each fiscal year. Under the terms of the contract, since the executive passed away, there are no further obligations under this agreement.

d) The Organization has an employment agreement which extends through August 31, 2025. The aggregated commitment under this agreement is approximately $1,400,000 at August 31, 2023.

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 one pending litigation matter. Management believes that its insurance coverage will be sufficient to cover any loss if incurred.

   The Organization has been named in seven open claims 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) The Organization was previously 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 of approximately $14,300,000 through reimbursement grants. The total budget for these projects is estimated to be $26,800,000. Studio 54 fire and life safety system project was completed in fiscal year 2021. Phase 1 of American Airlines HVAC replacements and Phase 1 of American Airlines betterment were completed in the fiscal year 2021 with Phase 2 of both projects beginning in the fiscal year 2023 and currently planned to continue through the fiscal year 2027. The Organization received approximately $3.2M from DCA towards these projects as of August 31, 2023. 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 on 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.

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 years ended August 31, 2023 and 2022, the Organization contributed a total of $538,963 and $502,214, respectively.

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. Three 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 66% and 64% of the Organization’s employees and contractors are participants in multiemployer plans for the years ended August 31, 2023 and 2022, respectively. Pension and welfare contributions for multiemployer plans were $4,022,830 and $2,723,956 for the years ended August 31, 2023 and 2022, respectively.

14. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

Contributed non-financial assets are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributed non-financial assets do not have donor-imposed restrictions, are not sold and goods are only distributed for program use. The Organization received contributed non-financial assets comprised of services and materials during the years ended August 31, 2023 and 2022 in support of its programs and operations, which are recognized in the statements of activities and included:

Non-Financial Contributions Category	Type of Contributions	Valuation	2023	2022
Professional services	Legal, consulting and other professional services	Standard industry pricing for similar services	$ 135,405	$ 48,332
Fundraising benefits	Various production materials and space rental	U.S. wholesale prices of identical or similar products	91,653	110,314
Travel	Airfare	U.S. wholesale prices of identical or similar products	25,160	55,502
			$ 252,218	$ 214,148

15. 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. Revenue of $10,000,000 has been recognized during the year ended August 31, 2022, all of which relates to expenses incurred during the year then ended and is included in operating activities in the statements of activities.

16. EMPLOYEE RETENTION TAX CREDITS

During the year ended August 31, 2022, the Organization applied for employee retention credits in the amount of $1,363,158. For the year ended August 31, 2022, the Organization recorded revenue totaling $1,363,158, of which $1,051,805 relates to expenses incurred during the year ended August 31, 2021, which is included in non-operating activities in the accompanying statements of activities. As of August 31, 2022, the amount of $3,629,641 was recognized as a receivable for all previously applied employee retention credits. The full amount was received during the year ended August 31, 2023.

17. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

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 PPP Loan was guaranteed by the SBA. On May 26, 2022, the Organization was informed that its application for forgiveness of $2,000,000 for the PPP Loan from the SBA was approved. Accordingly, the Organization recorded as forgiveness of debt of which $2,000,000 relates to expenses incurred during the year ended August 31, 2021, which is shown in non-operating activities in the accompanying statements of activities.

18. FUNCTIONAL ALLOCATION OF EXPENSES

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

19. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 12, 2023, the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.