

SEATTLE REPERTORY THEATER

Consolidated Financial Statements

For the Year Ended June 30, 2020

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Independent Auditor's Report

**To the Boards of Trustees
Seattle Repertory Theater
Seattle, Washington**

We have audited the accompanying consolidated financial statements of Seattle Repertory Theater and Seattle Repertory Theatre Foundation (collectively, the Organization), which comprise the consolidated balance sheet as of June 30, 2020, and the related consolidated statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting a New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and related ASU's, for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules on pages 21 through 23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
November 12, 2020

SEATTLE REPERTORY THEATER

Consolidated Balance Sheet June 30, 2020 (With Comparative Totals for 2019)

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash | \$ 2,727,253 | \$ 202,014 |
| Cash reserves (Note 1) | 247,063 | 197,515 |
| Restricted cash (Note 1 and 8) | 882,601 | 710,956 |
| Accounts receivable, net | 53,262 | 272,311 |
| Pledges receivable, net (Note 2) | 952,263 | 1,244,311 |
| Prepaid expenses and inventory | 287,108 | 472,454 |
| Total Current Assets | 5,149,550 | 3,099,561 |
| Investments, long-term (Note 3) | 10,304,742 | 10,860,588 |
| Pledges receivable, long-term, net (Note 2) | 795,169 | 612,982 |
| Property and equipment, net of accumulated depreciation (Note 4) | 4,861,177 | 4,707,067 |
| Other long-term assets (Note 1) | 606,481 | 569,892 |
| Total Assets | \$ 21,717,119 | \$ 19,850,090 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Deferred ticket revenue | \$ 1,832,391 | \$ 2,679,673 |
| Accounts payable and accrued liabilities | 1,290,273 | 1,247,153 |
| Line of credit (Note 10) | 4,410,000 | 1,900,000 |
| Current portion of capital lease obligations (Note 11) | 116,802 | |
| Total Current Liabilities | 7,649,466 | 5,826,826 |
| Paycheck Protection Program loan (Note 12) | 1,202,015 | |
| Capital lease obligations, net of current portion (Note 11) | 325,117 | |
| Total Liabilities | 9,176,598 | 5,826,826 |
| Net Assets: | | |
| Without donor restrictions (Note 5) | 1,492,785 | 2,034,686 |
| With donor restrictions (Note 6) | 11,047,736 | 11,988,578 |
| Total Net Assets | 12,540,521 | 14,023,264 |
| Total Liabilities and Net Assets | \$ 21,717,119 | \$ 19,850,090 |

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Activities For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|--|----------------------------------|-------------------------------|----------------------|----------------------|
| Revenue | | | | |
| Box Office Income: | | | | |
| Subscription revenue | \$ 1,859,502 | \$ - | \$ 1,859,502 | \$ 3,233,407 |
| Donated tickets | 822,711 | | 822,711 | |
| Single ticket revenue | 1,784,315 | | 1,784,315 | 2,948,376 |
| Service fees | 385,882 | | 385,882 | 651,776 |
| Total Box Office Income | 4,852,410 | | 4,852,410 | 6,833,559 |
| Other Earned Income: | | | | |
| Royalty income | 590,188 | | 590,188 | 1,020,213 |
| Production fees | 250,000 | | 250,000 | 150,240 |
| Endowment appropriation (Note 7) | 418,912 | | 418,912 | 573,108 |
| Other revenue, net of related expenses (Note 1) | 43,524 | | 43,524 | 99,698 |
| Total Other Earned Income | 1,302,624 | | 1,302,624 | 1,843,259 |
| Total Earned Income | 6,155,034 | | 6,155,034 | 8,676,818 |
| Contributions: | | | | |
| Individual gifts | 4,110,223 | 1,443,842 | 5,554,065 | 4,023,374 |
| Corporate | 271,345 | (2,500) | 268,845 | 187,767 |
| Foundations | 527,657 | 17,500 | 545,157 | 637,101 |
| Government | 234,550 | 126,000 | 360,550 | 362,435 |
| Advocacy | 141,100 | | 141,100 | 161,951 |
| In-kind gifts | 66,245 | | 66,245 | 138,381 |
| Seattle Repertory Organization | 28,943 | | 28,943 | 35,115 |
| Fundraising events, net of related expenses | (33,052) | | (33,052) | 922,288 |
| Paycheck Protection Program revenue (Note 12) | 550,000 | | 550,000 | |
| Contributions released from restriction | 2,226,970 | (2,226,970) | | |
| Total Contributions | 8,123,981 | (642,128) | 7,481,853 | 6,468,412 |
| Total Revenue | 14,279,015 | (642,128) | 13,636,887 | 15,145,230 |
| Expenses: | | | | |
| Artistic | 2,849,462 | | 2,849,462 | 2,969,876 |
| Production | 5,102,975 | | 5,102,975 | 4,296,823 |
| Marketing and communications | 3,265,085 | | 3,265,085 | 3,237,925 |
| Development | 1,113,066 | | 1,113,066 | 1,179,654 |
| Administration | 1,747,247 | | 1,747,247 | 1,628,130 |
| Total Expenses | 14,077,835 | | 14,077,835 | 13,312,408 |
| Change in Net Assets Before Depreciation and Endowment Activity | 201,180 | (642,128) | (440,948) | 1,832,822 |
| Depreciation | 736,589 | | 736,589 | 474,832 |
| Endowment Activity (Note 7): | | | | |
| Investment return | (6,492) | 24,098 | 17,606 | 486,185 |
| Contributions to endowment | | 96,100 | 96,100 | |
| Endowment appropriation | | (418,912) | (418,912) | (573,108) |
| Total Change in Net Assets | (541,901) | (940,842) | (1,482,743) | 1,271,067 |
| Net Assets: | | | | |
| Beginning of year | 2,034,686 | 11,988,578 | 14,023,264 | 12,752,197 |
| End of Year | \$ 1,492,785 | \$ 11,047,736 | \$ 12,540,521 | \$ 14,023,264 |

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

| | Artistic | Production | Marketing and Communications | Development | Administration | 2020 Total | 2019 Total |
|---|---------------------|---------------------|---------------------------------|---------------------|---------------------|----------------------|----------------------|
| Payroll costs- | | | | | | | |
| Salaries | \$ 956,123 | \$ 2,970,645 | \$ 1,354,679 | \$ 709,438 | \$ 814,450 | \$ 6,805,335 | \$ 6,070,791 |
| Benefits and taxes | 351,633 | 742,329 | 362,271 | 168,058 | 150,322 | 1,774,613 | 1,580,091 |
| Total payroll costs | 1,307,756 | 3,712,974 | 1,716,950 | 877,496 | 964,772 | 8,579,948 | 7,650,882 |
| Other expenses- | | | | | | | |
| Royalties | 478,535 | | | | | 478,535 | 716,901 |
| Co-production fees | 2,500 | 413,775 | | | | 416,275 | 513,195 |
| Production materials | | 381,796 | | | | 381,796 | 248,257 |
| Artist housing | 51,211 | 37,556 | | | | 88,767 | 72,506 |
| Travel, housing, meetings | 396,427 | 60,443 | 32,951 | 68,067 | 17,708 | 575,596 | 650,221 |
| Advertising | | | 828,669 | 1,737 | 13,727 | 844,133 | 917,723 |
| Printing, publications | 5,169 | (200) | 77,859 | 19,397 | 990 | 103,215 | 141,431 |
| Professional fees | 604,312 | 77,228 | 142,096 | 111,621 | 389,416 | 1,324,673 | 995,560 |
| Supplies and equipment | 3,552 | 26,777 | 132,228 | 1,725 | 112,446 | 276,728 | 182,018 |
| Postage and shipping | | 5,619 | 55,882 | 5,414 | 16,342 | 83,257 | 55,477 |
| Facilities | | 383,738 | 118,099 | 284 | 66,142 | 568,263 | 651,471 |
| Bank service charges, taxes, miscellaneous | | 3,269 | 160,351 | 27,325 | 165,704 | 356,649 | 516,766 |
| Total other expenses | 1,541,706 | 1,390,001 | 1,548,135 | 235,570 | 782,475 | 5,497,887 | 5,661,526 |
| Total Expenses Presented on the Consolidated Statement of Activities | 2,849,462 | 5,102,975 | 3,265,085 | 1,113,066 | 1,747,247 | 14,077,835 | 13,312,408 |
| Plus expenses netted with revenues and depreciation- | | | | | | | |
| Bar and concessions | | | 116,648 | | | 116,648 | 272,511 |
| Theatre rental | | 67,730 | | | | 67,730 | 130,913 |
| Special event direct donor costs | | | | 139,118 | | 139,118 | 348,904 |
| Depreciation | | 489,750 | 131,813 | | 115,026 | 736,589 | 474,832 |
| Total Functional Expenses | \$ 2,849,462 | \$ 5,170,705 | \$ 3,381,733 | \$ 1,252,184 | \$ 1,747,247 | \$ 14,401,331 | \$ 14,064,736 |

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Cash Flows For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Operating Activities: | | |
| Change in net assets | \$ (1,482,743) | \$ 1,283,379 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities- | | |
| Depreciation | 736,589 | 474,832 |
| Net loss (gain) on investments | 337,260 | (37,921) |
| Paycheck Protection Program revenue | (550,000) | |
| Contributions and investment return restricted for capital assets and endowment | (187,305) | (149,676) |
| Cash provided (used) by changes in operating assets and liabilities: | | |
| Accounts receivable | 219,049 | 30,990 |
| Pledges receivable | 159,961 | (870,379) |
| Prepaid expenses and inventory | 185,346 | (194,836) |
| Other long-term assets | (36,589) | (35,101) |
| Deferred ticket sales income | (847,282) | (254,472) |
| Accounts payable and accrued liabilities | (10) | 159,789 |
| Net Cash (Used in) Provided by Operating Activities | (1,465,724) | 406,605 |
| Investing Activities: | | |
| Purchase of investments | (3,211,862) | (725,812) |
| Proceeds from sale of investments | 3,261,940 | 1,499,176 |
| Net change in cash equivalents included in investments | 168,508 | (421,036) |
| Purchase of property and equipment | (405,650) | (1,585,200) |
| Net Cash Used in Investing Activities | (187,064) | (1,232,872) |
| Financing Activities: | | |
| Collections on contributions and investment return restricted for capital assets and endowment | 137,205 | 575,866 |
| Draws on line of credit, net | 2,510,000 | (100,000) |
| Proceeds from Paycheck Protection Program loan | 1,752,015 | |
| Net Cash Provided by Financing Activities | 4,399,220 | 475,866 |
| Net Change in Cash, Cash Reserves and Restricted Cash | 2,746,432 | (350,401) |
| Cash, cash reserves and restricted cash, beginning of year | 1,110,485 | 1,460,886 |
| Cash, Cash Reserves and Restricted Cash, End of Year | \$ 3,856,917 | \$ 1,110,485 |
| Reconciliation to Consolidated Balance Sheet: | | |
| Cash | \$ 2,727,253 | \$ 202,014 |
| Cash reserves | 247,063 | 197,515 |
| Restricted cash | 882,601 | 710,956 |
| Cash, Cash Reserves and Restricted Cash | \$ 3,856,917 | \$ 1,110,485 |
| Supplementary Disclosure: | | |
| Cash paid for interest | \$ 118,623 | \$ 132,629 |
| Property and equipment in accounts payable | \$ 43,130 | \$ 46,000 |
| Acquisition of long-term assets through capital leases | \$ 441,919 | \$ - |

See accompanying notes.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Summary of Significant Accounting Policies

General - Seattle Repertory Theater's (the Theater) mission is to collaborate with extraordinary artists to create productions and programs that reflect and elevate the diverse cultures, perspectives, and life experiences of our region. Our vision for the Theater is to put theater at the heart of public life, positioning the work on our stages as a vital source for collective imagination, unbounded creativity, and meaningful conversation and social debate. The Theater was founded in 1963 by local citizens as a civic investment in a thriving community and has been awarded the Tony Award for Outstanding Regional Theater in recognition for its consistently high production and artistic standards. Over the last 57 years, the Theater has become both a home for local artists and a national incubator and destination for great art. Under the leadership of Artistic Director Braden Abraham and Managing Director Jeffrey Herrmann, the Theater serves approximately 120,000 audience members and program participants each year through our mainstage subscription season, new play readings and workshops, youth arts education programs, and community engagement initiatives.

The Seattle Repertory Theatre Foundation (the Foundation) was founded in 1998 to conduct and support activities exclusively for the benefit of the Theater. The Foundation receives and holds endowment funds for, and makes distributions to, the Theater. The endowed funds are also used to collateralize the line of credit and other banking functions of the Theater's operations.

Principles of Consolidation - The accounts of the Theater and the Foundation (collectively, the Organization), have been consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Impacts of the COVID-19 Pandemic - In early 2020, a novel strain of coronavirus (COVID-19) was identified and became prevalent throughout the world. The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of businesses and restrictions on public gatherings. As a result of the spread of COVID-19 and at the government's direction, the Organization stopped production of all plays and events effective March 2020 for the final shows of the 2019-2020 season and also all shows for the 2020-2021 season. As a result of the pandemic, the Organization has experienced negative impacts to its operating revenues.

To mitigate the effects of the pandemic, the Organization applied for and received a Paycheck Protection Program loan in the amount of \$1.7 million (Note 12). The Organization has also communicated with subscribers and single ticket holders for the canceled shows in the 2019-2020 and 2020-2021 seasons and offered the option to donate the value of their tickets, convert them to credits for future performances, or contact the Organization about other arrangements. Additionally, the Organization has worked to reduce expenses significantly and modeled net revenue and cash flows through June 2021 based on updated budgeting. If external circumstances change beyond what is evident as of the date of issuance of these financial statements, the Organization is prepared to reduce expenses further by furloughing staff and making adjustments to other expenses for projects moving forward.

It is not known when authorities will allow in-person performances therefore the full financial impact and duration of the impacts of the COVID-19 pandemic cannot be reasonably estimated as of the date of issuance of these financial statements.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status - The Theater and the Foundation have been notified by the Internal Revenue Service that they are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. Accordingly, no provision for income taxes has been recorded.

Cash - For purposes of the consolidated cash flow statement, cash includes cash on hand and in banks except for cash equivalents associated with the investment accounts.

Cash Reserves - Cash reserves represent working cash reserves for operations.

Restricted Cash - Restricted cash represents the required maintenance reserve fund for the Seattle Center lease (Note 8) and cash associated with gift annuities. Due to the impacts of COVID-19 the Organization requested that the City of Seattle allow the Organization to use some of the maintenance reserve fund for operating expenses during the pandemic. This request was approved by the Seattle Center and is awaiting final approval by the City Council as of the report date.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

Revenue Recognition -

Subscriptions, Single Tickets and Service Fees - The Organization presents theater performances and earns revenue from ticket sales. Tickets are sold in subscription packages and as single tickets and are generally purchased by customers in advance of the performances. Service fees are processed as a portion of ticket sales. Tickets sold are non-refundable. The Organization's performance obligation for each ticket is to provide a seat at the applicable performance. Revenue from subscription packages and single tickets are recognized at the time the performance occurs.

Production Fees - The Organization partners with commercial producers and other theaters to produce performances. The Organization receives fees from these partners to offset the costs of such productions. The fees are agreed to in advance with co-producers including which costs are to be shared, and the timing of payments. Revenue from production fees is recorded when received.

Contribution Revenue - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized as revenues until the conditions on which they depend have been met. There were no conditional contributions as of June 30, 2020 or 2019. Contribution amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was a \$60,000 and \$20,000 allowance for uncollectible pledges as of June 30, 2020 and 2019 respectively. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is reported as contribution revenue.

In-Kind Gifts - The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those services and materials. During the years ending June 30, 2020 and 2019, contributed services and materials totaled \$66,245 and \$138,381, and were used primarily in program activities.

Functional Allocation of Expenses - Expenses consist of costs related to providing artistic, production, marketing, development and administrative functions. These costs have been summarized on a functional basis in the consolidated statement of functional expenses. Costs are directly charged to the functions they benefit. Costs incurred in connection with specific performances are deferred until the show is performed. Facility related expenses are allocated to each function based on square footage utilized by the function.

Deferred Expenses - Production costs incurred associated with future shows are deferred and recognized and expense as each show is performed.

Advertising Costs - The Organization expenses advertising costs as they are incurred. Total advertising expense for the years ended June 30, 2020 and 2019 was \$844,133 and \$917,723 respectively.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

Receivables - Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or pledges receivable.

Investments - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the consolidated statement of revenues and expenses without donor restrictions and the consolidated statement of changes in net assets. Securities are generally held in custodial investment accounts administered by certain financial institutions. See Note 3 for further details.

Endowment Activity - The Organization presents the activity associated with its endowment funds as a separate subsection within the consolidated statement of activities. The investment return and contributions to endowments are included in this subsection. The annual appropriation from the endowment to support the Theater's operations is presented as a transfer out of the endowment activity and a transfer in to the other earned income subsection of the consolidated statement of activities. Further information regarding the endowment funds is included in Note 7.

Property and Equipment - Equipment and leasehold improvements are stated at cost if purchased or fair market value if contributed. Depreciation and amortization are provided using the straight-line method over the estimated useful lives as follows:

| | |
|---------------------------|--|
| Computer equipment | 3 years |
| Other equipment | 5 - 10 years |
| Building and improvements | 30 years |
| Leasehold improvements | Shorter of asset life or life of lease |

Other Long-Lived Assets - Other operating long-lived assets reported on the consolidated balance sheet at June 30, 2020 and 2019 include \$549,554 and \$512,965, respectively, of the set and scenic structure, and related storage costs, for a play constructed by the Organization that has a useful life longer than one year.

Gift Annuities - The Organization administers gift annuities for which it is obligated to make periodic distributions to designated beneficiaries. The contributed assets are recorded at their fair value as general assets of the Organization. The present value of the payments due to the beneficiaries are recorded as liabilities and totaled \$15,894 and \$16,450 at June 30, 2020 and 2019, respectively. Net present values are calculated using the applicable federal discount rate at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. Resulting actuarial gain or loss is recorded as donor restricted revenue.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of receivables, cash, and investments. The concentration of credit risk with respect to receivables is limited due to a large base of donors consisting of public and private companies representing a variety of industries, government agencies, and individuals in the Pacific Northwest. The Organization does not require collateral or other security to support receivables. The Organization holds substantially all of its cash with one financial institution, and substantially all of its investments with another financial institution. These balances may at times exceed FDIC and SIPC insurance limits.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

The Organization invests only with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. The Organization monitors the performance of the financial institutions used to hold cash and investment balances to minimize the risk of balances held over FDIC and SIPC insurance limits.

Pledges receivable from one individual comprised 26% and 33% of total pledges receivable at June 30, 2020 and 2019, respectively.

Reclassifications - Certain reclassifications have been made to the 2019 amounts to conform to the 2020 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, net assets, or change in net assets for 2019, other than those described below.

Adoption of New Accounting Pronouncements - During the year ended June 30, 2020, the Company adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-18 - *Statement of Cash Flows: Restricted Cash*. This ASU requires that restricted cash be reflected in the total change in cash, cash equivalents, and restricted cash on the consolidated statement of cash flows. The Organization implemented this ASU retrospectively for all periods presented in the consolidated financial statements.

During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)* and other related ASUs. These ASUs replaced the existing revenue recognition guidance in U.S. GAAP and require entities to recognize revenues when control of the promised goods or service is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The primary effect of adoption of these ASUs for the Organization is that advertising costs for future periods are now expensed as incurred. Previously the Organization deferred advertising costs related to future productions and recognized them as expense in the period those productions occurred. The Organization elected to adopt the changes from these ASUs using the full retrospective method, which required the Organization to restate the financial statements for June 30, 2019.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

The consolidated financial statements have been restated as follows as of and for the year ended June 30, 2019:

| | As Previously Reported | Restatements | As Restated |
|---|---------------------------|--------------|---------------|
| Impacted Lines - Consolidated Balance Sheet | | | |
| Assets: | | | |
| Prepaid expenses and deposits | \$ 685,060 | \$ (212,606) | \$ 472,454 |
| Net Assets: | | | |
| Net assets without donor restrictions | \$ 2,247,292 | \$ (212,606) | \$ 2,034,686 |
| Impacted Lines - Consolidated Statements of Activities and Changes in Net Assets | | | |
| Expenses: | | | |
| Marketing and communication | \$ 3,217,439 | \$ 20,486 | \$ 3,237,925 |
| Production | \$ 4,304,997 | \$ (8,174) | \$ 4,296,823 |
| Net Assets: | | | |
| Net assets beginning of year | \$ 12,952,491 | \$ (200,294) | \$ 12,752,197 |
| Change in net assets | \$ 1,283,379 | \$ (12,312) | \$ 1,271,067 |

Subsequent Events - The Organization has evaluated subsequent events through November 12, 2020, the date on which the financial statements were available to be issued.

Note 2 - Pledges Receivable

Pledges receivable at June 30 were as follows:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Due in less than one year | \$ 992,263 | \$ 1,270,499 |
| Due in one to five years | 829,721 | 627,535 |
| | 1,821,984 | 1,898,034 |
| Present value discount (0.19% - 2020; 1.76% - 2019) | (14,552) | (14,553) |
| Allowance for doubtful accounts | (60,000) | (26,188) |
| | <u>\$ 1,747,432</u> | <u>\$ 1,857,293</u> |

Foundation pledges included in the above table are considered long term on the consolidated balance sheet.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 3 - Investments

Investments consisted of the following at June 30:

| | 2020 | 2019 |
|-----------------------------|----------------------|----------------------|
| Cash equivalents | \$ 56,984 | \$ 220,537 |
| Mutual funds- | | |
| Equities | 4,308,732 | 4,501,036 |
| Fixed income | 2,007,346 | 1,553,269 |
| Alternatives | 229,045 | 1,357,275 |
| Total mutual funds | 6,545,123 | 7,411,580 |
| Exchange traded funds- | | |
| Equities | 3,149,028 | 2,604,962 |
| Fixed income | 320,832 | 325,905 |
| Alternatives | 232,775 | 297,604 |
| Total exchange traded funds | 3,702,635 | 3,228,471 |
| | \$ 10,304,742 | \$ 10,860,588 |

Fair Value Measurements - U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Cash Equivalents - Consist primarily of money market funds and are valued at the closing price reported on the active markets in which the securities are traded at fiscal year end.

Mutual Funds and Exchange Traded Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at fiscal year end.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 3 - Continued

All investments of the Organization are valued using Level 1 inputs. The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income was as follows for the years ended June 30:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|--------------------------|
| Interest and dividends, net of investment fees of \$49,732 (2019 - \$49,806) | \$ 354,866 | \$ 448,264 |
| Realized (loss) gain | (150,251) | 338,846 |
| Unrealized loss | (187,009) | (300,925) |
| | <u><u>\$ 17,606</u></u> | <u><u>\$ 486,185</u></u> |

Note 4 - Property and Equipment

Property and equipment at June 30 was as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|----------------------------|----------------------------|
| Building and leasehold improvements | \$ 9,606,664 | \$ 9,592,284 |
| Equipment and furniture | 6,753,817 | 5,919,569 |
| | 16,360,481 | 15,511,853 |
| Accumulated depreciation | (11,499,304) | (10,804,786) |
| | <u><u>\$ 4,861,177</u></u> | <u><u>\$ 4,707,067</u></u> |

Note 5 - Board-Designated Net Assets

As of June 30, 2020 and 2019, board-designated net assets for operating and working capital reserves totaled \$110,272 and \$76,792 respectively.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Subject to the Passage of Time or Expenditure for Specified Purpose: | | |
| Campaign | \$ 417,068 | \$ 798,841 |
| General support for future periods | 197,466 | 453,923 |
| Support for investment in capital assets | 3,012 | 3,012 |
| Total Subject to the Passage of Time or Expenditure for Specified Purpose | 617,546 | 1,255,776 |
| Endowment Funds: | | |
| Original gifts and required retained earnings (corpus)- | | |
| Theatre operations funds: | | |
| General | 4,900,959 | 4,810,947 |
| Bill and Melinda Gates Foundation | 2,500,000 | 2,500,000 |
| Bagley and Virginia Wright and The Wright Family Fund | 1,000,000 | 1,000,000 |
| Fox Family Endowment in Memory of Rita D. Fox | 250,000 | 250,000 |
| Mary F. Stowe Fund | 110,495 | 109,109 |
| Jim and Camille Uhlir Fund | 50,250 | 50,250 |
| Education- | | |
| Peter Donnelly Fund | 240,953 | 240,953 |
| William Randolph Hearst Endowment for Education | 200,000 | 200,000 |
| The Allen Foundation for the Arts | 500,000 | 500,000 |
| Artistic development- | | |
| General | 25,000 | 25,000 |
| Daniel Sullivan Artistic Development Fund | 1,240,746 | 1,240,746 |
| Kreielsheimer Signature Works Fund | 1,621,090 | 1,600,131 |
| The Stuart Smailes Signature Works Fund | 109,850 | 109,850 |
| Henry and Nancy Ketcham Foundation | 50,000 | 50,000 |
| George and Carlyn Steiner Guest Artist Fund | 127,071 | 119,208 |
| Actors Fund | 50,000 | 50,000 |
| New Works- | | |
| General | 25,000 | 25,000 |
| Mary Davis Clapp Fund for New Works | 2,504,944 | 2,504,944 |
| Laura Lundgren Fund for New Work | 101,591 | 101,591 |
| Herman and Faye Sarkowsky Commissioning Fund | 100,000 | 100,000 |
| Jerry Manning Fund for New Work | 50,000 | 50,000 |
| Playwright Commission Fund | 30,000 | 30,000 |
| | 15,787,949 | 15,667,729 |
| George and Carlyn Steiner Guest Artist Fund accumulated earnings | 12,503 | 14,473 |
| Accumulated deficit | (5,370,262) | (4,949,400) |
| Total Endowment Funds | 10,430,190 | 10,732,802 |
| Total Net Assets With Donor Restrictions | \$ 11,047,736 | \$ 11,988,578 |

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 7 - Endowment Funds

The Organization's endowment consists of 22 individual funds established within a framework of four restricted purposes: theater operations, education, artistic development and new works. The donor contributions are maintained in perpetuity, the income of which is expendable for the donors' intended purpose in proportion to each fund's percentage of the total endowment fund corpus. Annual distributions are in accordance with the Organization's distribution policy.

The Organization is subject to the Washington State Prudent Management of Institutional Funds Act (PMIFA). The Board of Trustees of the Organization has interpreted PMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted PMIFA to permit spending from deficient funds in accordance with the prudent measures required under the law. Additionally, in accordance with PMIFA, the Organization considers the following factors, included in its distribution policy, in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the organization and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization; and
7. The investment policies of the Organization.

Utilizing the framework of total investment return, the investment objective and guidelines of the endowment portfolio emphasizes long-term growth of capital while providing annual distributions from the endowment fund to support Theater operations over the long term, while limiting volatility. It is acknowledged that volatility is inherent in any long-term growth strategy. Short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable market index.

The Organization has a 4% distribution policy, based on a three-year rolling average of market value of endowment investments at December 31 each year. This distribution is approved by the Foundation Board of Directors for use in the next fiscal year of the Theater's operations. From time to time, the Foundation may make additional distributions to the Theater. During the year ended June 30, 2014, the Foundation made a \$500,000 loan to the Theater as part of its annual distribution to support operations. The Theater is current on interest payments to the Foundation. During the years ended June 30, 2020 and 2019, the Theater Board authorized the application of \$51,945 and \$49,172, respectively in shared expense receivables from the Foundation against the outstanding loan in lieu of a cash payment, leaving \$28,873 outstanding at June 30, 2020. Future shared expense receivables will continue to be applied against the loan balance until it is fully repaid.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 7 - Continued

In addition to a review of monthly investment performance reports, the Organization meets with the endowment's investment manager quarterly to ensure that the investment guidelines and objectives are being followed.

Changes to endowment net assets for the years ended June 30, 2020 and 2019, are as follows:

| | Endowment Corpus | Accumulated Unspent Earnings | Accumulated Deficit | Total |
|--|----------------------|------------------------------------|------------------------|----------------------|
| Endowment net assets, June 30, 2018 | \$ 15,625,153 | \$ 13,858 | \$ (4,806,203) | \$ 10,832,808 |
| Endowment investment return | 42,576 | 615 | 429,911 | 473,102 |
| Endowment related expenses | | | (28,270) | (28,270) |
| Foundation transfer of support | | | (550,000) | (550,000) |
| Operating transfer for interfund borrowing | | | 5,162 | 5,162 |
| Endowment Net Assets, June 30, 2019 | 15,667,729 | 14,473 | (4,949,400) | 10,732,802 |
| Endowment investment return | 24,120 | (1,970) | 1,948 | 24,098 |
| Endowment contributions | 96,100 | | | 96,100 |
| Endowment related expenses | | | (3,898) | (3,898) |
| Foundation transfer of support | | | (421,528) | (421,528) |
| Operating transfer for interfund borrowing | | | 2,616 | 2,616 |
| Endowment Net Assets, June 30, 2020 | \$ 15,787,949 | \$ 12,503 | \$ (5,370,262) | \$ 10,430,190 |

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in all but one of the individual endowment funds and total to the accumulated deficit shown above. These deficiencies resulted from appropriations for programs that were deemed prudent by the Foundation's Board of Directors that exceeded net investment returns.

Note 8 - Operating Leases

The Organization has a lease agreement with the City of Seattle for the Bagley Wright Theater. The rental cost for the theater was \$8,546 per month, adjusted for the change in All-Urban Consumer Price Index (CPI) on January 1st of each year through September 30, 2014. On September 30, 2014, rent was reduced to \$1.00 per month until the expiration of the lease in June 2026, contingent on the Organization expending \$1,000,000 in 2010 dollars (plus an adjustment for the change in CPI) on capital renovations and improvement to the Bagley Wright Theater premises by September 30, 2018 along with other required milestones related to those capital projects. On September 27, 2019, the Organization received a letter from the City of Seattle confirming that the required capital renovation expenditures were met by the September 30, 2018 deadline.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 8 - Continued

The lease also requires annual payments averaging approximately \$150,000 through the remainder of the lease term to a “maintenance reserve fund” to support the theatrical and building systems in the Bagley Wright Theater. The balance in the fund held by the Organization was \$860,326 and \$696,573 as of June 30, 2020 and 2019, respectively, and is included in restricted cash on the consolidated balance sheet.

The Organization has a lease agreement with the City of Seattle for the land on which the Leo K. Theater was constructed. The lease requires an annual payment of \$5,515 and expires in the year 2026. Upon expiration of the lease, ownership of the Leo K. Theater will transfer to the City of Seattle.

The Organization leases storage space and apartments under operating leases on a month-to-month basis, and leases rehearsal space as needed on a week-to-week basis.

Total rental expense under the leases was \$154,040 and \$164,280 for the years ending June 30, 2020 and 2019, respectively.

Note 9 - Employee Retirement Plan

The Organization has a Tax Deferred Annuity Plan (the Plan) allowing all eligible employees to defer a portion of their earnings on a pre-tax basis. There were no employer contributions made to the Plan during the years ended June 30, 2020 and 2019, respectively. The Plan qualifies as a tax deferred plan under section 401(k) of the Internal Revenue Code. The Organization made retirement related payments on behalf of its employees participating in collective bargaining units totaling \$129,709 and \$109,616 during the years ended June 30, 2020 and 2019, respectively.

Note 10 - Line of Credit

The Organization has a line of credit with a bank with an available borrowing limit of \$4.5 million that expires on February 28, 2021. The line carries interest at the one-month LIBOR rate plus 1.6% (a total borrowing rate of 1.771% and 4.002% at June 30, 2019 and 2019, respectively). The outstanding balance at June 30, 2020 and 2019 was \$4.5 million and \$1.9 million, respectively. The line is secured by the investments held by the Foundation (at another bank).

Note 11 - Capital Lease

The Organization leases theater equipment under noncancelable capital leases expiring in various years through 2025. The assets and liabilities under capital leases are initially recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated useful lives. Amortization of assets under capital leases is included in depreciation expense. The total recorded cost of assets under capital leases is \$531,657 for the year ended June 30, 2020, and related accumulated depreciation is \$8,350 at June 30, 2020.

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 11- Continued

Scheduled lease payments are as follows:

For the Year Ending June 30,

| | |
|---|--------------------------|
| 2021 | \$ 116,802 |
| 2022 | 116,802 |
| 2023 | 116,802 |
| 2024 | 116,802 |
| 2025 | <u>29,662</u> |
| Total scheduled lease payments | 496,870 |
| Portion representing interest | <u>(54,951)</u> |
| Total capital lease obligation | 441,919 |
| Less current portion of capital lease obligation | <u>(116,802)</u> |
| Noncurrent Portion of Capital Lease Obligation | <u>\$ 325,117</u> |

Note 12 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 23, 2020, the Organization obtained a loan under the PPP with a principal balance of \$1,752,015 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning ten months after the last day of the covered period, on August 19, 2021, through the maturity date of the loan on April 23, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. The Organization follows the accounting guidance for government grants in U.S. GAAP for accounting for the recognition of revenue from forgiveness of the PPP loan. In applying that guidance, the Organization recognizes revenue when the barriers to entitlement to loan forgiveness are met. Management of the Organization has determined that the barriers to entitlement consist of the incurrence of qualifying expenses. Management has determined that \$550,000 of qualifying expenses were incurred during the year ended June 30, 2020 and so revenue in the amount of \$550,000 has been recognized in the June 30, 2020 consolidated statement of activities. A corresponding reduction to the loan liability has been recorded for the amount of revenue recognized.

A rollforward of the PPP loan liability balance is presented below:

| | |
|---|----------------------------|
| Liability balance at June 30, 2019 | \$ - |
| Principal borrowed on PPP loan | 1,752,015 |
| Revenue recognized for loan forgiveness | <u>(550,000)</u> |
| Liability Balance at June 30, 2020 | <u>\$ 1,202,015</u> |

SEATTLE REPERTORY THEATER

Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 12 - Continued

To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. A risk exists that the lender or the SBA may reject some or all of the requested forgiveness amount during the review process, in which case the Organization will be required to repay the amount that is not forgiven.

Note 13 - Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for prepaid subscription revenue in the fourth quarter of the fiscal year in advance of the next year and a concentration of contributions received near calendar year end and fiscal year end. Monthly cash outflows vary each year based on the specific requirements of the productions programmed that season. To manage liquidity the Organization maintains a line of credit of \$4.5 million with a bank that is drawn upon as needed during the year to manage cash flow. See Note 10 for further description of this line.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Foundation Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Theater or Foundation Board approves that action.

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Cash | \$ 3,856,917 | \$ 1,110,485 |
| Accounts receivable, net, collected in less than one year | 53,262 | 272,311 |
| Pledges receivable, net, collected in less than one year | 952,263 | 1,244,311 |
| Investments | 10,304,742 | 10,860,588 |
| Total financial assets, excluding noncurrent receivables | 15,167,184 | 13,487,695 |
| Contractual or donor-imposed restrictions- | | |
| Cash restricted by lessor and others to specific uses | (882,601) | (710,956) |
| Endowment fund investments | (10,304,742) | (10,860,588) |
| Add back amounts appropriated for following year | 429,667 | 421,528 |
| Board designations- | | |
| Operating reserves and other | (110,272) | (76,792) |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | \$ 4,299,236 | \$ 2,260,887 |

SUPPLEMENTARY INFORMATION

SEATTLE REPERTORY THEATER

Consolidating Schedule - Balance Sheet June 30, 2020

| | Theatre | Foundation | Total |
|---|----------------------|----------------------|----------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash | \$ 2,727,253 | \$ - | \$ 2,727,253 |
| Cash reserves | 247,063 | | 247,063 |
| Restricted cash | 882,601 | | 882,601 |
| Accounts receivable, net | 53,262 | | 53,262 |
| Pledges receivable, net | 952,263 | | 952,263 |
| Interfund (payable) receivable | (18,421) | 18,421 | |
| Prepaid expenses and inventory | 287,108 | | 287,108 |
| Total Current Assets | 5,131,129 | 18,421 | 5,149,550 |
| Investments, long-term | | 10,304,742 | 10,304,742 |
| Pledges receivable, long-term, net | 745,069 | 50,100 | 795,169 |
| Property and equipment, net | 4,861,177 | | 4,861,177 |
| Other long-term assets | 549,554 | 56,927 | 606,481 |
| Total Assets | \$ 11,286,929 | \$ 10,430,190 | \$ 21,717,119 |
| Liabilities and Net Assets | | | |
| Current Liabilities: | | | |
| Deferred ticket revenue | \$ 1,832,391 | \$ - | \$ 1,832,391 |
| Accounts payable and accrued liabilities | 1,290,273 | | 1,290,273 |
| Line of credit | 4,410,000 | | 4,410,000 |
| Current portion of capital lease obligations | 116,802 | | 116,802 |
| Total Current Liabilities | 7,649,466 | | 7,649,466 |
| Paycheck Protection Program loan | 1,202,015 | | 1,202,015 |
| Capital lease obligations, net of current portion | 325,117 | | 325,117 |
| Total Liabilities | 9,176,598 | | 9,176,598 |
| Net Assets: | | | |
| Without donor restrictions | 1,492,785 | | 1,492,785 |
| With donor restrictions | 617,546 | 10,430,190 | 11,047,736 |
| Total Net Assets | 2,110,331 | 10,430,190 | 12,540,521 |
| Total Liabilities and Net Assets | \$ 11,286,929 | \$ 10,430,190 | \$ 21,717,119 |

See independent auditor's report.

SEATTLE REPERTORY THEATER

Consolidating Schedule - Statement of Changes in Net Assets For the Year Ended June 30, 2020

| | Theatre | Foundation | Total |
|---|---------------------|----------------------|----------------------|
| Revenue | | | |
| Box Office Income: | | | |
| Subscription revenue | \$ 1,859,502 | \$ - | \$ 1,859,502 |
| Donated tickets | 822,711 | | 822,711 |
| Single ticket revenue | 1,784,315 | | 1,784,315 |
| Service fees | 385,882 | | 385,882 |
| Total Box Office Income | 4,852,410 | | 4,852,410 |
| Other Earned Income: | | | |
| Royalty Income | 590,188 | | 590,188 |
| Production Fees | 250,000 | | 250,000 |
| Endowment appropriation | 418,912 | | 418,912 |
| Other revenue, net of related expenses | 43,524 | | 43,524 |
| Total Other Earned Income | 1,302,624 | | 1,302,624 |
| Total Earned Income | 6,155,034 | | 6,155,034 |
| Contributions: | | | |
| Individual gifts | 5,554,065 | | 5,554,065 |
| Corporate | 268,845 | | 268,845 |
| Foundations | 545,157 | | 545,157 |
| Government | 360,550 | | 360,550 |
| Advocacy | 141,100 | | 141,100 |
| In-kind gifts | 66,245 | | 66,245 |
| Seattle Repertory Organization | 28,943 | | 28,943 |
| Fund raising events - net of expenses of \$92,728 | (33,052) | | (33,052) |
| Paycheck Protection Program revenue | 550,000 | | 550,000 |
| Total Contributions | 7,481,853 | | 7,481,853 |
| Total Revenue | 13,636,887 | | 13,636,887 |
| Expenses: | | | |
| Artistic | 2,849,462 | | 2,849,462 |
| Production | 5,102,975 | | 5,102,975 |
| Marketing and communications | 3,265,085 | | 3,265,085 |
| Development | 1,113,066 | | 1,113,066 |
| Administration | 1,743,349 | 3,898 | 1,747,247 |
| Total Expenses | 14,073,937 | 3,898 | 14,077,835 |
| Change in Net Assets Before | | | |
| Depreciation and Endowment Activity | (437,050) | (3,898) | (440,948) |
| Depreciation | 736,589 | | 736,589 |
| Endowment Activity: | | | |
| Investment return | (6,492) | 24,098 | 17,606 |
| Contributions to endowment | | 96,100 | 96,100 |
| Endowment appropriation | | (418,912) | (418,912) |
| Change in Net Assets | (1,180,131) | (302,612) | (1,482,743) |
| Net Assets: | | | |
| Beginning of year | 3,290,462 | 10,732,802 | 14,023,264 |
| End of Year | \$ 2,110,331 | \$ 10,430,190 | \$ 12,540,521 |

See independent auditor's report.

SEATTLE REPERTORY THEATER

Consolidating Schedule - Statement of Cash Flows For the Year Ended June 30, 2020

| | Theatre | Foundation | Total |
|---|---------------------|------------------|---------------------|
| Operating Activities: | | | |
| Change in net assets | \$ (1,180,131) | \$ (302,612) | \$ (1,482,743) |
| Adjustments to reconcile change in net assets to net cash used in operating activities- | | | |
| Depreciation | 736,589 | | 736,589 |
| Net losses on investments | | 337,260 | 337,260 |
| Paycheck Protection Program revenue | (550,000) | | (550,000) |
| Contributions and investment return restricted for capital assets and endowment | (91,205) | (96,100) | (187,305) |
| Cash provided (used) by changes in operating assets and liabilities: | | | |
| Accounts receivable | 219,049 | | 219,049 |
| Pledges receivable | 159,961 | | 159,961 |
| Prepaid expenses and inventory | 185,346 | | 185,346 |
| Other long-term assets | (36,589) | | (36,589) |
| Interfund receivable/payable | 203,134 | (203,134) | |
| Deferred ticket sales income | (847,282) | | (847,282) |
| Accounts payable and accrued liabilities | (10) | | (10) |
| Net Cash Used in Operating Activities | (1,201,138) | (264,586) | (1,465,724) |
| Investing Activities: | | | |
| Purchase of investments | | (3,211,862) | (3,211,862) |
| Proceeds from sale of investments | | 3,261,940 | 3,261,940 |
| Net change in cash equivalents included in investments | | 168,508 | 168,508 |
| Purchase of property and equipment | (405,650) | | (405,650) |
| Net Cash (Used in) Provided by Investing Activities | (405,650) | 218,586 | (187,064) |
| Financing Activities: | | | |
| Collections on contributions and investment return restricted for capital assets and endowment | 91,205 | 46,000 | 137,205 |
| Payments on line of credit, net | 2,510,000 | | 2,510,000 |
| Proceeds from Paycheck Protection Program loan | 1,752,015 | | 1,752,015 |
| Net Cash Provided by Financing Activities | 4,353,220 | 46,000 | 4,399,220 |
| Net Change in Cash | 2,746,432 | | 2,746,432 |
| Cash, cash reserves and restricted cash, beginning of year | 1,110,485 | | 1,110,485 |
| Cash, Cash Reserves and Restricted Cash, End of Year | \$ 3,856,917 | \$ - | \$ 3,856,917 |
| Reconciliation to Consolidated Statement of Financial Position: | | | |
| Cash | \$ 2,727,253 | \$ - | \$ 2,727,253 |
| Cash reserves | 247,063 | | 247,063 |
| Restricted cash | 882,601 | | 882,601 |
| Cash, Cash Reserves and Restricted Cash | \$ 3,856,917 | \$ - | \$ 3,856,917 |
| Supplementary Disclosure: | | | |
| Cash paid for interest | \$ 118,623 | \$ - | \$ 118,623 |
| Property and equipment in accounts payable | \$ 43,130 | \$ - | \$ 43,130 |
| Acquisition of long-term assets through capital leases | \$ 441,919 | \$ - | \$ 441,919 |

See independent auditor's report.