SEATTLE REPERTORY THEATER

Consolidated Financial Statements and
Single Audit Reports

For the Year Ended June 30, 2022

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Clark Nuber PS

Independent Auditor's Report

To the Boards of Trustees
Seattle Repertory Theater
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the 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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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.

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 24 through 26 are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Clark Nuber PS

Certified Public Accountants
November 3, 2022

SEATTLE REPERTORY THEATER

Consolidated Balance Sheet
June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Assets		
Current Assets:		
Cash	$ 812,463	$ 134,863
Cash reserves (Note 1)	883,198	2,550,680
Restricted cash (Note 1 and 8)	876,605	881,842
Accounts receivable, net	106,227	50,206
Pledges receivable, net (Note 2)	2,414,348	1,684,077
Prepaid expenses and inventory	244,376	192,727
Total Current Assets	**5,337,217**	**5,494,395**
Investments, long-term (Note 3)	11,836,906	13,498,990
Pledges receivable, long-term, net (Note 2)	531,572	695,089
Property and equipment, net of accumulated depreciation (Note 4)	6,127,061	4,446,741
Total Assets	**$ 23,832,756**	**$ 24,135,215**
Liabilities and Net Assets		
Current Liabilities:		
Deferred ticket revenue	$ 1,734,293	$ 1,293,093
Accounts payable and accrued liabilities	2,127,165	978,141
Line of credit (Note 10)		1,410,000
Current portion of capital lease obligations (Note 12)	116,802	116,802
Total Current Liabilities	**3,978,260**	**3,798,036**
Paycheck Protection Program liability (Note 13)		414,864
Capital lease obligations, net of current portion (Note 12)	128,432	229,139
Total Liabilities	**4,106,692**	**4,442,039**
Net Assets:		
Without donor restrictions (Note 5)	4,959,507	2,353,461
With donor restrictions (Note 6)	14,766,557	17,339,715
Total Net Assets	**19,726,064**	**19,693,176**
Total Liabilities and Net Assets	**$ 23,832,756**	**$ 24,135,215**

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Activities
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue				
Box Office Income:				
Subscription revenue	$ 1,389,655	$ -	$ 1,389,655	$ 39,130
Donated tickets	334,897		334,897	292,271
Single ticket revenue	1,155,493		1,155,493	2,506
Service fees	287,521		287,521	11,260
Total Box Office Income	**3,167,566**		**3,167,566**	**345,167**
Other Earned Income:				
Royalty income	111,845		111,845	43,740
Production fees	916,361		916,361	
Endowment appropriation (Note 7)	25,522		25,522	453,082
Other revenue, net of related expenses	22,612		22,612	159,150
Total Other Earned Income	**1,076,340**		**1,076,340**	**655,972**
Total Box Office and Earned Income	**4,243,906**		**4,243,906**	**1,001,139**
Contributions:				
Individual gifts	3,596,143	184,395	3,780,538	2,323,983
Corporate	175,575	25,000	200,575	198,000
Foundations	506,896	61,000	567,896	497,934
Advocacy	176,100	9,000	185,100	196,700
Government	256,425	429,266	685,691	82,844
In-kind gifts	24,884		24,884	15,490
Fundraising events, net of related expenses	798,701		798,701	971,674
Paycheck Protection Program revenue (Note 13)	414,864		414,864	2,487,585
Other pandemic relief revenue (Note 13)	4,201,414		4,201,414	
Contributions released from restrictions (Act I campagin, Note 2)	2,158,541	(2,158,541)		
Contributions released from restrictions	764,686	(764,686)		
Total Contributions	**13,074,229**	**(2,214,566)**	**10,859,663**	**6,774,210**

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Activities (Continued)
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Expenses:				
Artistic	2,651,688		2,651,688	696,497
Production	6,261,994		6,261,994	1,965,403
Marketing and communications	3,177,646		3,177,646	645,194
Development	1,431,821		1,431,821	952,454
Administration	2,242,812		2,242,812	1,780,408
Total Expenses	**15,765,961**		**15,765,961**	**6,039,956**
Change in Net Assets Before Depreciation and Nonoperating Activity	**1,552,174**	**(2,214,566)**	**(662,392)**	**1,735,393**
Depreciation	819,942		819,942	787,321
Nonoperating Activity:				
Contributions to the Act I campaign		3,190,742	3,190,742	3,460,622
Contributions released from restrictions (Act 1 campaign, Note 2)	2,373,814	(2,373,814)		
Endowment investment return		(1,716,861)	(1,716,861)	3,194,043
Contributions to endowment		66,863	66,863	3,000
Endowment appropriation		(25,522)	(25,522)	(453,082)
Transfer from Theater to Foundation (Note 7)	(500,000)	500,000		
Total Nonoperating Activity	**1,873,814**	**(358,592)**	**1,515,222**	**6,204,583**
Total Change in Net Assets	**2,606,046**	**(2,573,158)**	**32,888**	**7,152,655**
Net Assets:				
Beginning of year	2,353,461	17,339,715	19,693,176	12,540,521
End of Year	**$ 4,959,507**	**$ 14,766,557**	**$ 19,726,064**	**$ 19,693,176**

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Artistic	Production	Marketing and Communications	Total Program	Development	Administration	2022 Total	2021 Total
Payroll costs-								
Salaries	$ 765,994	$ 3,793,281	$ 1,403,569	$ 5,962,844	$ 911,921	$ 1,157,703	$ 8,032,468	$ 3,067,355
Benefits and taxes	163,206	1,139,007	341,562	1,643,775	223,546	236,336	2,103,657	709,314
Total payroll costs	929,200	4,932,288	1,745,131	7,606,619	1,135,467	1,394,039	10,136,125	3,776,669
Other expenses-								
Royalties	206,043			206,043			206,043	170,200
Co-production fees	447,000			447,000			447,000	
Production materials		601,721		601,721			601,721	583,903
Artist housing	54,169	39,726		93,895			93,895	88,293
Travel, housing, meetings	441,306	52,361	63,263	556,930	90,716	31,264	678,910	21,519
Advertising			601,730	601,730	1,180	31,302	634,212	(6,478)
Printing, publications	2,023		182,181	184,204	31,974	10,627	226,805	71,965
Professional fees	551,376	70,463	207,648	829,487	119,942	322,282	1,271,711	472,992
Supplies and equipment	15,356	22,790	71,196	109,342	1,647	278,504	389,493	193,143
Postage and shipping	5	6,244	24,907	31,156	10,022	13,531	54,709	21,560
Facilities		478,444	135,741	614,185	10,402	40,304	664,891	466,603
Bank service charges, taxes, miscellaneous	5,210	57,957	145,849	209,016	30,471	120,959	360,446	179,587
Total other expenses	1,722,488	1,329,706	1,432,515	4,484,709	296,354	848,773	5,629,836	2,263,287
Total Expenses Presented on the Consolidated Statement of Activities	**2,651,688**	**6,261,994**	**3,177,646**	**12,091,328**	**1,431,821**	**2,242,812**	**15,765,961**	**6,039,956**
Plus expenses netted with revenues and depreciation-								
Bar and concessions			53,776	53,776			53,776	4,150
Theater rental	6,628	4,992		11,620			11,620	10,481
Special event direct donor costs					332,437		332,437	193,297
Depreciation		518,792	176,091	694,883		125,059	819,942	787,321
Total Functional Expenses	**$ 2,658,316**	**$ 6,785,778**	**$ 3,407,513**	**$ 12,851,607**	**$ 1,764,258**	**$ 2,367,871**	**$ 16,983,736**	**$ 7,035,205**
Total 2021 Functional Expenses	**$ 696,497**	**$ 2,484,971**	**$ 799,218**	**$ 3,980,686**	**$ 1,145,751**	**$ 1,908,768**		**$ 7,035,205**

See accompanying notes.

SEATTLE REPERTORY THEATER

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Operating Activities:		
Change in net assets	$ 32,888	$ 7,152,655
Adjustments to reconcile change in net assets		
to net cash provided by operating activities-		
Depreciation	819,942	787,321
Net loss (gain) on investments	1,867,923	(2,976,201)
Contributions and investment return restricted for endowment	130,355	(53,767)
Cash (used) provided by changes in operating assets and liabilities:		
Accounts receivable	(56,021)	3,056
Pledges receivable	(566,754)	(631,734)
Prepaid expenses and inventory	(51,649)	105,676
Other long-term assets		595,186
Deferred ticket sales income	441,200	(539,298)
Accounts payable and accrued liabilities	1,001,499	(372,992)
Paycheck Protection Program liability	(414,864)	(787,151)
Net Cash Provided by Operating Activities	**3,204,519**	**3,282,751**
Investing Activities:		
Purchase of investments	(2,042,687)	(2,597,286)
Proceeds from sale of investments	2,276,265	2,334,821
Net change in cash equivalents included in investments	(439,417)	44,418
Purchase of property and equipment	(2,352,737)	(312,025)
Net Cash Used in Investing Activities	**(2,558,576)**	**(530,072)**
Financing Activities:		
Collections on contributions and investment return restricted		
for capital assets and endowment	(130,355)	53,767
Payments on line of credit, net	(1,410,000)	(3,000,000)
Principal payments on capital leases	(100,707)	(95,978)
Net Cash Used in Financing Activities	**(1,641,062)**	**(3,042,211)**
Net Change in Cash, Cash Reserves and Restricted Cash	**(995,119)**	**(289,532)**
Cash, cash reserves and restricted cash, beginning of year	3,567,385	3,856,917
Cash, Cash Reserves and Restricted Cash, End of Year	**$ 2,572,266**	**$ 3,567,385**
Reconciliation to Consolidated Balance Sheet:		
Cash	$ 812,463	$ 134,863
Cash reserves	883,198	2,550,680
Restricted cash	876,605	881,842
Cash, Cash Reserves and Restricted Cash	**$ 2,572,266**	**$ 3,567,385**
Supplementary Disclosure:		
Cash paid for interest	$ 2,578	$ 76,473
Property and equipment in accounts payable	$ 251,515	$ 103,990

See accompanying notes.

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 59 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 all shows for the 2020-2021 season. During the year ended June 30, 2022, the Organization was able to return to live performance; however, COVID-19 continued to impact its operation.

To mitigate the effects of the pandemic, the Organization applied for and received two Paycheck Protection Program loans totaling $3.4 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 worked to reduce expenses significantly during the year ended June 30, 2021.

In July 2021 and September 2021, the Organization received notifications of award funding under the Shuttered Venues Operators Grant (SVOG) totaling $3,274,197 which were used to fund operations through June 30, 2022.

The full extent of the COVID-19 pandemic on audience attendance and donor support is still uncertain.

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

Cash Reserves - Cash reserves represent board designated 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 both the Seattle Center and the City Council.

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, 2022 or 2021. 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 $30,000 allowance for uncollectible pledges as of June 30, 2022 and 2021. 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 market value at the tie of contribution of those services and materials. During the years ending June 30, 2022 and 2021, contributed services and materials totaled $24,884 and $15,490, 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 expensed as each show is performed.

Advertising Costs - The Organization expenses advertising costs as they are incurred. Total advertising expense for the year ended June 30, 2022 was $631,684. There were no advertising expenses for the year ended June 30, 2021.

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 activities. Securities are generally held in custodial investment accounts administered by certain financial institutions. See Note 3 for further details.

Nonoperating Activity - The Organization presents the activity associated with its endowment funds and capital campaign 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 into the other earned income subsection of the consolidated statement of activities. Further information regarding the endowment funds and capital campaign is included in Note 7 and Note 2, respectively.

Property and Equipment - Equipment and leasehold improvements are stated at cost if purchased or fair market value if contributed. The Organization capitalized all assets greater than $3,000 and an estimated useful life of more than one year. 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

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 $14,684 and $15,272 at June 30, 2022 and 2021, 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.

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.

Note 1 - Continued

Pledges receivable from two individuals comprised 40% of total pledges receivable at June 30, 2022. Pledges receivable from one individual comprised 27% of total pledges receivable at June 30, 2021.

Reclassifications - Certain reclassification have been made to the 2021 amounts to conform to the 2022 presentation. The reclassification have no effect of the previously reported total assets, liabilities, net assets, or change in net assets for 2021.

Subsequent Events - The Organization has evaluated subsequent events through November 3, 2022, the date on which the financial statements were available to be issued.

Note 2 - Pledges Receivable

Pledges receivable at June 30 were as follows:

	Operating	Act I Campaign	2022	2021
Due in less than one year	$ 994,444	$ 1,449,904	$ 2,444,348	$ 1,714,077
Due in one to five years		546,740	546,740	705,952
	994,444	1,996,644	2,991,088	2,420,029
Present value discount (2.80% - 2022; 0.46% - 2021)		(15,168)	(15,168)	(10,863)
Allowance for doubtful accounts		(30,000)	(30,000)	(30,000)
Total pledges receivable, net	994,444	1,951,476	2,945,920	2,379,166
Less current portion	(994,444)	(1,449,904)	(2,444,348)	(1,684,077)
Noncurrent Portion of Pledges Receivable, Net	**$ -**	**$ 501,572**	**$ 501,572**	**$ 695,089**

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

In 2019, the Organization started the Act I Campaign with the goal of raising over $20 million in contributions to support Artistic Vitality, Sustainability, and Generous & Inclusive Practices over three years. The Organization has raised approximately $9 million to date. During the years ended June 20, 2022 and 2021 the organization raised $3,190,742 and $3,460,622 respectively.

Note 3 - Investments and Fair Value Measurements

Investments consisted of the following at June 30:

	2022	2021
Cash equivalents	$ 13,147	$ 12,626
Mutual funds-		
Equities	4,259,228	5,695,719
Fixed income	2,800,502	2,361,547
Alternatives	476,493	253,327
Total mutual funds	7,536,223	8,310,593
Exchange traded funds-		
Equities	3,099,503	4,248,048
Fixed income	398,366	927,723
Total exchange traded funds	3,497,869	5,175,771
Real Estate Income Trust (REIT)	789,667	
Total Investments	**$ 11,836,906**	**$ 13,498,990**

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

	2022	2021
Interest and dividends, net of investment fees of $64,611 (2021 - $56,342)	$ 151,062	$ 217,842
Realized gain	579,848	156,922
Unrealized (loss) gain	(2,447,771)	2,819,279
Total Endowment Investment Return	**$ (1,716,861)**	**$ 3,194,043**

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.

Note 3 - Continued

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, 2022 and 2021.

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, 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.

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.

Total investments and fair values of assets measured on a recurring basis were as follows:

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 13,147	$ -	$ -	$ 13,147
Mutual funds-				
Equities	4,259,228			4,259,228
Fixed income	2,800,502			2,800,502
Alternatives	476,493			476,493
Exchange traded funds-				
Equities	3,099,503			3,099,503
Fixed income	398,366			398,366
Total Investments in the Fair Value Hierarchy	**$ 11,047,239**	**$ -**	**$ -**	11,047,239
Investments measured at NAV (a)				789,667
Total Investments at Fair Value				**$ 11,836,906**

Note 3 - Continued

(a) In accordance with U.S. GAAP, certain investments that were measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient, which is industry standard, have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the investment line item presented in the consolidated balance sheet.

The Organization's investment in a REIT had a NAV of $789,667 at June 30, 2022, perpetual remaining life, and no unfunded commitments. Redemptions may not be requested later than the second to the last business day of each month. Redemptions are limited to 2% of the total fund's NAV per month and 5% of the total fund's NAV per calendar quarter.

	Fair Value Measurements as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 12,626	$ -	$ -	$ 12,626
Mutual funds-				
Equities	5,695,719			5,695,719
Fixed income	2,361,547			2,361,547
Alternatives	253,327			253,327
Exchange traded funds-				
Equities	4,248,048			4,248,048
Fixed income	927,723			927,723
Total Investments at Fair Value	**$ 13,498,990**	**$ -**	**$ -**	**$ 13,498,990**

Note 4 - Property and Equipment

Property and equipment at June 30 was as follows:

	2022	2021
Building and leasehold improvements	$ 12,302,355	$ 9,928,599
Equipment and furniture	6,931,300	6,804,780
	19,233,655	16,733,379
Accumulated depreciation	(13,106,594)	(12,286,638)
Total Property and Equipment	**$ 6,127,061**	**$ 4,446,741**

Note 5 - Board-Designated Net Assets

As of June 30, 2022 and 2021, net assets without donor restrictions included board-designated net assets for operating and working capital reserves, which totaled $883,198 and $247,259, respectively.

Note 6 - Net Assets With Donor Restrictions

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

	2022	2021
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Campaign	$ 2,250,899	$ 3,592,512
General support for future periods	719,423	627,501
Support for investment in capital assets	3,012	3,012
Total Subject to the Passage of Time or Expenditure for Specified Purpose	**2,973,334**	**4,223,025**
Endowment Funds:		
Original gifts and required retained earnings (corpus)-		
Theater operations funds:		
General	4,970,822	4,903,925
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	117,012	113,409
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	1,719,869	1,665,262
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	136,033	130,752
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
	15,972,070	15,841,682
Accumulated deficit	(4,178,847)	(2,724,992)
Total Endowment Funds	**11,793,223**	**13,116,690**
Total Net Assets With Donor Restrictions	**$ 14,766,557**	**$ 17,339,715**

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. During the years ended June 30 2022 and 2021, the Theater Board authorized the application of $147,980 and $28,873, respectively, in shared expense receivables from the Foundation against the outstanding loan in lieu of a cash payment. The loan was completely paid as of June 30, 2022.

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, 2022 and 2021, are as follows:

	Endowment Corpus	Accumulated Deficit	Total
Endowment net assets, June 30, 2020	$ 15,787,949	$ (5,357,759)	$ 10,430,190
Endowment investment return*	50,767	3,143,276	3,194,043
Endowment contributions	3,000		3,000
Endowment related expenses		(57,427)	(57,427)
Foundation transfer of support		(429,667)	(429,667)
Operating transfer for interfund borrowing		(23,415)	(23,415)
Endowment Net Assets, June 30, 2021	**15,841,716**	**(2,724,992)**	**13,116,724**
Endowment investment return*	63,492	(1,780,353)	(1,716,861)
Endowment contributions	66,863		66,863
Endowment related expenses		(147,980)	(147,980)
Foundation transfer of support		(25,522)	(25,522)
Transfer to from Theater to Foundation		500,000	500,000
Endowment Net Assets, June 30, 2022	**$ 15,972,071**	**$ (4,178,847)**	**$ 11,793,224**

*Three individual endowment funds require a portion of the annual investment income to be added to the corpus of the fund.

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.

During the year ended June 30, 2022, management reviewed previous transfers between the Foundation and Theater. Management determined that the Foundation made two transfers to the Theater during the year ended June 30, 2014. No cash was transmitted for the second transfer to the Theater. As no cash was transmitted the related party payable from the Foundation to the Theater was reduced and the restricted net assets of the Foundation have been increased.

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 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.

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 $860,438 and $860,394 as of June 20, 2022 and 2021, 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 Kreielsheimer Theater (Leo K.) 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 $196,410 and $154,170 for the years ending June 30, 2022 and 2021, 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, 2022 and 2021, 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 $198,445 and $163,574 during the years ended June 30, 2022 and 2021, respectively.

Note 10 - Collective Bargaining Agreements

The Organization has several multi-year collective bargaining agreements with specific union locals that cover the work of their stage crews, costume shop and wardrobe, scenic painters and musicians. They also participate in three national labor agreements covering the work of their actors and stage managers, directors, and designers. All of these agreements include specific stipulations covering working conditions, wage rates and benefit percentages including health and welfare and pension. These agreements have various ending dates through 2025 and have addressed variances related to COVID-19 in specific memorandums of understanding. These relationships are core to the Organization’s ability to produce theatre, and management works closely with union representatives throughout the contract periods to facilitate timely renewal of all contracts.

Note 11 - 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, 2023. At June 30, 2022, the line carried interest at the Daily Simple SOFR rate plus 1.68% (a total borrowing rate of 3.18% at June 30, 2022). There was no outstanding balance at June 30, 2022. At June 30, 2021, the line carried interest at the one-month LIBOR rate plus 1.6% (a total borrowing rate of 1.70% at June 30, 2021). The outstanding balance at June 30, 2021 was $1.4 million. The line is secured by the investments held by the Foundation (at another bank).

Note 12 - 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. Related accumulated depreciation was $136,612 and $83,446 at June 30, 2022 and 2021, respectively.

Scheduled lease payments are as follows:

For the Year Ending June 30,	
2023	$ 116,802
2024	116,802
2025	29,662
Total scheduled lease payments	263,266
Portion representing interest	(18,032)
Total capital lease obligation	245,234
Less current portion of capital lease obligation	(116,802)
Noncurrent Portion of Capital Lease Obligation	**$ 128,432**

Note 13 - Federal COVID-Relief Funding

The following reflects the federal COVID-19 relief funding presented in the consolidated statements of activities for the years ended June 30:

	2022	2021
Paycheck Protection Program loan forgiveness	$ 414,864	$ 2,487,585
Shuttered Venue Operators Grant	3,274,197	
Employee Retention Tax Credits	927,217	
Total Federal COVID-Relief Funding	**$ 4,616,278**	**$ 2,487,585**

Note 13 - Continued

Paycheck Protection Program - 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. The Organization obtained two loans under the PPP with principal balances of $1,752,015 and $1,700,434. All or a portion of the PPP loans may be forgiven if certain term and conditions of the program are met. 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 loans. 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 $414,864 and $2,487,585 of qualifying expenses were incurred during the years ended June 30, 2022 and 2021, respectively, and so revenue in the amount of $414,864 and $2,487,585, respectively, has been recognized in the June 30, 2022 and 2021 consolidated statement of activities. A corresponding reduction to the loan liability has been recorded for the amount of revenue recognized.

The first PPP loan was forgiven in full on May 21, 2021. The second PPP loan was forgiven in full on August 8, 2022.

Shuttered Venue Operators Grant - On July 7, 2021, the Organization was awarded a Shuttered Venue Operators Grant (SVOG) of $1,615,987 and on September 24, 2021, the Organization was awarded a SVOG supplemental grant of $1,658,210. Both grants were recognized as revenue during the year ended June 30, 2022. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act, and provides COVID-19 relief funding for operators of venues impacted by the pandemic. This grant program is administered by the Small Business Administration and will require compliance auditing in accordance with federal guidelines for the year ended June 30, 2022.

Employee Retention Tax Credit (ERTC) - In response to the COVID-19 pandemic, the U.S. Congress passed the CARES Act. Included in the CARES Act was the ERTC to encourage businesses and not-for-profit organizations impacted by COVID-19 to keep employees on their payroll. The ERTC is a refundable tax credit computed based on wages paid by the Organization. The Organization’s accounting policy for the ERTC is to record revenue when the refundable tax credits are received from the government. Total ERTC revenue recognized during the year ended June 30, 2022, was $927,217.

Note 14 - 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.

Note 14 - Continued

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. No general operating support appropriations occurred during 2022 as the Board of the Foundation temporarily suspended appropriations to the Theater in order to increase the value of the endowment and reduce the size of endowment funds that are underwater. 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.

	2022	2021
Cash	$ 2,572,266	$ 3,567,385
Accounts receivable, net, collected in less than one year	106,227	50,206
Pledges receivable, net, collected in less than one year	2,414,348	1,684,077
Investments	11,836,906	13,498,990
Total financial assets, excluding noncurrent receivables	16,929,747	18,800,658
Contractual or donor-imposed restrictions-		
Cash restricted by lessor and others to specific uses	(876,605)	(881,842)
Endowment fund investments	(11,836,906)	(13,498,990)
Board designations-		
Operating reserves and other	(903,828)	(247,259)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 3,312,408**	**$ 4,172,567**

SUPPLEMENTARY INFORMATION

SEATTLE REPERTORY THEATER

Consolidating Schedule - Balance Sheet
June 30, 2022

	Theater	Foundation	Total
Assets			
Current Assets:			
Cash	$ 812,463	$ -	$ 812,463
Cash reserves	883,198		883,198
Restricted cash	876,605		876,605
Accounts receivable, net	106,227		106,227
Pledges receivable, net	2,374,248	40,100	2,414,348
Interfund receivable (payable)	83,783	(83,783)	
Prepaid expenses and inventory	244,376		244,376
Total Current Assets	**5,380,900**	**(43,683)**	**5,337,217**
Investments, long-term		11,836,906	11,836,906
Pledges receivable, long-term, net	531,572		531,572
Property and equipment, net	6,127,061		6,127,061
Total Assets	**$ 12,039,533**	**$ 11,793,223**	**$ 23,832,756**
Liabilities and Net Assets			
Current Liabilities:			
Deferred ticket revenue	$ 1,734,293	$ -	$ 1,734,293
Accounts payable and accrued liabilities	2,127,165		2,127,165
Current portion of capital lease obligations	116,802		116,802
Total Current Liabilities	**3,978,260**		**3,978,260**
Capital lease obligations, net of current portion	128,432		128,432
Total Liabilities	**4,106,692**		**4,106,692**
Net Assets:			
Without donor restrictions	4,959,507		4,959,507
With donor restrictions	2,973,334	11,793,223	14,766,557
Total Net Assets	**7,932,841**	**11,793,223**	**19,726,064**
Total Liabilities and Net Assets	**$ 12,039,533**	**$ 11,793,223**	**$ 23,832,756**

See independent auditor’s report.

SEATTLE REPERTORY THEATER

Consolidating Schedule - Statement of Activities
For the Year Ended June 30, 2022

	Theater	Foundation	Total
Revenue			
Box Office Income:			
Subscription revenue	$ 1,389,655	$ -	$ 1,389,655
Donated tickets	334,897		334,897
Single ticket revenue	1,155,493		1,155,493
Service fees	287,521		287,521
Total Box Office Income	**3,167,566**		**3,167,566**
Other Earned Income:			
Royalty income	111,845		111,845
Production Fees	916,361		916,361
Endowment appropriation	25,522		25,522
Other revenue, net of related expenses	22,612		22,612
Total Other Earned Income	**1,076,340**		**1,076,340**
Total Earned Income	**4,243,906**		**4,243,906**
Contributions:			
Individual gifts	3,780,538		3,780,538
Corporate	200,575		200,575
Foundations	567,896		567,896
Government	185,100		185,100
Advocacy	685,691		685,691
In-kind gifts	24,884		24,884
Fundraising events, net of related expenses	798,701		798,701
Paycheck Protection Program revenue	414,864		414,864
Other pandemic relief revenue	4,201,414		4,201,414
Total Contributions	**10,859,663**		**10,859,663**
Total Revenue	**15,103,569**		**15,103,569**
Expenses:			
Artistic	2,651,688		2,651,688
Production	6,261,994		6,261,994
Marketing and communications	3,177,646		3,177,646
Development	1,431,821		1,431,821
Administration	2,094,832	147,980	2,242,812
Total Expenses	**15,617,981**	**147,980**	**15,765,961**
Change in Net Assets Before Depreciation and Nonoperating Activity	**(514,412)**	**(147,980)**	**(662,392)**
Depreciation	819,942		819,942
Nonoperating Activity:			
Contributions to the capital campaign	3,190,742		3,190,742
Endowment investment return		(1,716,861)	(1,716,861)
Contributions to endowment		66,863	66,863
Endowment appropriation		(25,522)	(25,522)
Transfer from Theater to Foundation	(500,000)	500,000	
Total Nonoperating Activity	**2,690,742**	**(1,175,520)**	**1,515,222**
Change in Net Assets	**1,356,388**	**(1,323,500)**	**32,888**
Net Assets:			
Beginning of year	6,576,453	13,116,723	19,693,176
End of Year	**$ 7,932,841**	**$ 11,793,223**	**$ 19,726,064**

See independent auditor's report.

SEATTLE REPERTORY THEATER

Consolidating Schedule - Statement of Cash Flows
For the Year Ended June 30, 2022

	Theater	Foundation	Total
Operating Activities:			
Change in net assets	$ 1,356,388	$ (1,323,500)	$ 32,888
Adjustments to reconcile change in net assets			
to net cash provided by operating activities-			
Depreciation	819,942		819,942
Net loss on investments		1,867,923	1,867,923
Contributions and investment return restricted for			
capital assets and endowment	25,522	104,833	130,355
Cash (used) provided by changes in			
operating assets and liabilities:			
Accounts receivable	(56,021)		(56,021)
Pledges receivable	(566,754)		(566,754)
Prepaid expenses and inventory	(51,649)		(51,649)
Other long-term assets			
Interfund receivable/payable	348,584	(348,584)	
Deferred ticket sales income	441,200		441,200
Accounts payable and accrued liabilities	1,001,499		1,001,499
Paycheck Protection Program liability	(414,864)		(414,864)
Net Cash Provided by Operating Activities	**2,903,847**	**300,672**	**3,204,519**
Investing Activities:			
Purchase of investments		(2,042,687)	(2,042,687)
Proceeds from sale of investments		2,276,265	2,276,265
Net change in cash equivalents included in investments		(439,417)	(439,417)
Purchase of property and equipment	(2,352,737)		(2,352,737)
Net Cash Used in Investing Activities	**(2,352,737)**	**(205,839)**	**(2,558,576)**
Financing Activities:			
Collections on contributions and investment return			
restricted for capital assets and endowment		(130,355)	(130,355)
Payments on line of credit, net	(1,410,000)		(1,410,000)
Principal payments on capital leases	(100,707)		(100,707)
Net Cash Used by Financing Activities	**(1,510,707)**	**(130,355)**	**(1,641,062)**
Net Change in Cash	**(959,597)**	**(35,522)**	**(995,119)**
Cash, cash reserves and restricted cash, beginning of year	3,567,385		3,567,385
Cash, Cash Reserves and Restricted Cash, End of Year	**$ 2,607,788**	**$ (35,522)**	**$ 2,572,266**
Reconciliation to Consolidating Schedule - Balance Sheet:			
Cash	$ 812,463	$ -	$ 812,463
Cash reserves	883,198		883,198
Restricted cash	876,605		876,605
Cash, Cash Reserves and Restricted Cash	**$ 2,572,266**	**$ -**	**$ 2,572,266**
Supplementary Disclosure:			
Cash paid for interest	$ 2,578	$ -	$ 2,578
Property and equipment in accounts payable	$ 251,515	$ -	$ 251,515

See independent auditor's report.

SINGLE AUDIT REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Boards of Trustees
Seattle Repertory Theater
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows and for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 3, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark Nuber P.S.

Certified Public Accountants
November 3, 2022

Clark Nuber PS

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Boards of Trustees
Seattle Repertory Theater
Seattle, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Seattle Repertory Theater's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Clark Nuber PS

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated November 3, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
November 3, 2022

SEATTLE REPERTORY THEATER

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Award / Pass-Through Identifying Number	Total Federal Expenditures
U.S. Small Business Administration:			
COVID-19 Shuttered Venue Operators Grant	59.075	SBAHQ21SV002139.2	$ 3,274,197
Total U.S. Small Business Administration/ Assistance Listing Number 59.075			**3,274,197**
National Endowment for the Arts:			
Promotion of the Arts Grants to Organizations and Individuals	45.024	1887925-28	25,000
Passed through from ArtsWA-			
Promotion of the Arts Partnership Agreements	45.025	LRG22-64	7,250
Promotion of the Arts Partnership Agreements	45.025	RST22-148	1,900
Subtotal - Assistance Listing Number 45.025			**9,150**
Total National Endowment for the Arts			**34,150**
Total Federal Expenditures			**$ 3,308,347**

No federal assistance reported on the Schedule of Expenditures of Federal Awards was passed through to subrecipients during the year.

See independent auditor's report and notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Seattle Repertory Theater and Seattle Repertory Theatre Foundation (collectively, the Organization) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SEATTLE REPERTORY THEATER

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
- Material weaknesses identified?	☐ Yes	☒ No
- Significant deficiencies identified?	☐ Yes	☒ None reported.
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major programs:		
- Material weaknesses identified?	☐ Yes	☒ No
- Significant deficiencies identified?	☐ Yes	☒ None reported.
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
59.075	COVID-19 Shuttered Venue Operators Grant (SVOG)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	☐ Yes	☒ No

Section II - Reportable Financial Statement Findings

No matters reported.

Section III - Reportable Findings and Questioned Costs for Federal Awards

No matters reported.