



**Fiscal Year 2022 Audit Cover Note  
September 1, 2021 - August 31, 2022**

As an accompaniment to HERE's FY2022 Financial Statements, we would like to provide the reader a bit of context for review. While the devastating challenges of the pandemic on the cultural sector cannot be overlooked, HERE emerged from both FY2021 and FY2022 in a positive financial position due to careful budgeting, a few specific cost-saving strategies, and continued efforts in securing additional funds from private foundations, individuals, and new government relief. These efforts have also resulted in a large enough surplus to cover our non-operating depreciation line of expenses in both fiscal years.

HERE benefited from the federal Payroll Protection Program (PPP) twice over the past three years, and also received a series of Employee Retention Tax Credits (ERTC). Our first PPP loan in April 2020 (FY2020), was forgiven and recognized in FY2021. We received a second PPP loan in May 2021, which was forgiven in FY2022. ERTC credits were received for quarters three and four of 2020, as well as quarters one and two of 2021. Finally, we received a Shuttered Venue Operators Grant (SVOG) in July 2021, which was reserved and realized in FY2022.

We proactively budgeted to apply our surplus from FY2021 to FY2022 and FY2023, as we came back to fully producing post-pandemic. In addition, as you will see, in FY2022 we were able to roll forward the majority of our surplus into a Board Designated Fund to balance FY2022 with an additional \$345,000, which is being reserved for program expenses in FY2023.

# HERE

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.  
(d/b/a HERE Art Center)**

Audited Financial Statements

August 31, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Home for Contemporary Theatre and Art, Ltd.  
d/b/a HERE Art Center

### ***Opinion***

We have audited the accompanying financial statements of Home for Contemporary Theatre and Art, Ltd. d/b/a HERE Art Center (the "Center"), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of August 31, 2022, and the changes in 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). 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 Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Center's ability to continue as a going concern within 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 generally accepted 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted 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 Center'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 Center'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.

***Report on Summarized Comparative Information***

The financial statements of the Center as of and for the year ended August 31, 2021, were audited by other auditors whose report dated March 2, 2022, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

New York, NY  
March 28, 2023

A handwritten signature in blue ink that reads "Saxe CPAs LLP". The signature is written in a cursive, flowing style.

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.**  
**(d/b/a HERE Art Center)**  
**STATEMENT OF FINANCIAL POSITION**  
**AT AUGUST 31, 2022**

(With comparative totals at August 31, 2021)

	<u>8/31/22</u>	<u>8/31/21</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,183,564	\$2,103,952
Contributions receivable	192,133	276,317
Government grants receivable	25,700	67,900
Employee Retention Tax Credit receivable (Note 3)	0	80,509
Other receivables	42,872	40,736
Prepaid expenses and other assets	52,810	127,544
Fixed assets, net (Note 4)	<u>2,416,845</u>	<u>2,421,933</u>
 Total assets	 <u><u>\$3,913,924</u></u>	 <u><u>\$5,118,891</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$103,030	\$98,868
Deferred revenue	25,048	45,210
Government grant advances	89,500	337,760
Paycheck Protection Program loan (Note 5)	0	224,385
Mortgage payable (Note 6)	1,448,114	1,507,058
Other liabilities	5,956	0
Total liabilities	<u>1,671,648</u>	<u>2,213,281</u>
Net assets:		
Without donor restrictions:		
Operations	883,487	844,297
Board designated reserve fund (Note 2b)	345,000	0
Total net assets without donor restrictions	<u>1,228,487</u>	<u>844,297</u>
With donor restrictions (Note 7)	<u>1,013,789</u>	<u>2,061,313</u>
Total net assets	<u>2,242,276</u>	<u>2,905,610</u>
 Total liabilities and net assets	 <u><u>\$3,913,924</u></u>	 <u><u>\$5,118,891</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.**  
**(d/b/a HERE Art Center)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**  
(With comparative totals for the year ended August 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 8/31/22	Total 8/31/21 *
Public support and revenue:				
Contributions:				
Foundations	\$621,675	\$384,500	\$1,006,175	\$1,948,072
Individuals	246,287	64,550	310,837	316,365
Corporations	45,907		45,907	30,527
Government grants:				
Employee Retention Tax Credit (Note 3)			0	148,458
Payroll Protection Program grant (Note 5)	224,385		224,385	223,140
Shuttered Venue Operators grant	516,683		516,683	0
Other government grants	196,600		196,600	213,274
In-kind contributions (Note 2i)	417,157		417,157	125,554
Special event revenue (Note 9)		290,032	290,032	0
Less: costs of direct benefits to donor (Note 9)	(71,161)		(71,161)	0
Ticket sales	299,934		299,934	32,640
Facility rentals and other reimbursements	152,022		152,022	31,728
Co-producer income	54,371		54,371	109,162
Other income	26,911		26,911	12,069
Transfers into board designated fund from operations (Note 2b)	(345,000)		(345,000)	0
Net assets released from restrictions (Note 7)	1,786,606	(1,786,606)	0	0
Total public support and revenue	<u>4,172,377</u>	<u>(1,047,524)</u>	<u>3,124,853</u>	<u>3,190,989</u>
Expenses:				
Program services	3,524,001		3,524,001	1,555,036
Management and general	268,824		268,824	166,558
Fundraising	237,392		237,392	214,951
Total expenses	<u>4,030,217</u>	<u>0</u>	<u>4,030,217</u>	<u>1,936,545</u>
Change in net assets from operations	142,160	(1,047,524)	(905,364)	1,254,444
Non-operating activities:				
Interest and investment income	118		118	386
Depreciation and amortization expense	(103,088)		(103,088)	(110,296)
Transfers into board designated fund from operations (Note 2b)	345,000		345,000	0
Total non-operating activities	<u>242,030</u>	<u>0</u>	<u>242,030</u>	<u>(109,910)</u>
Total change in net assets	384,190	(1,047,524)	(663,334)	1,144,534
Net assets - beginning of year	<u>844,297</u>	<u>2,061,313</u>	<u>2,905,610</u>	<u>1,761,076</u>
Net assets - end of year	<u>\$1,228,487</u>	<u>\$1,013,789</u>	<u>\$2,242,276</u>	<u>\$2,905,610</u>

\* Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.**

**(d/b/a HERE Art Center)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2022**

(With comparative totals for the year ended August 31, 2021)

	Program Services	Management and General	Fundraising	Total 8/31/22	Total 8/31/21*
Salaries	\$1,157,709	\$167,448	\$160,399	\$1,485,556	\$700,063
Payroll taxes and employee benefits	196,593	28,427	27,230	252,250	145,954
Artistic and other fees (including in-kind) (Note 2i)	854,957			854,957	443,317
Stipends and travel	52,969	952		53,921	18,322
Professional fees (including in-kind) (Note 2i)	251	29,519	27,354	57,124	50,931
Utilities and storage	54,810	2,254	1,144	58,208	43,614
In-Kind office rent (Note 2i)	399,307	8,233	4,117	411,657	120,000
Advertising and public relations expenses	162,804	6,306		169,110	78,159
Printing	34,454			34,454	15,943
Office supplies	4,651	440	422	5,513	25,762
Insurance expense	21,903	3,168	3,035	28,106	22,730
Postage and shipping	10,468	399	382	11,249	11,188
Repairs and maintenance	65,657	1,354	676	67,687	70,401
Telephone	13,685	1,980	1,897	17,562	12,922
Hospitality/conference fees	14,934	1,509	2,272	18,715	5,041
Interest	79,569	1,641	820	82,030	85,328
Production expense	375,192			375,192	61,570
Bank and other fees	13,750	1,435	1,007	16,192	6,813
Fundraising and other events (including in-kind) (Note 2i)			77,144	77,144	1,898
Dues and subscriptions	6,223	4,099	84	10,406	10,618
Miscellaneous	4,115	2,399	570	7,084	5,971
Bad debt expense		7,261		7,261	0
Depreciation and amortization	99,995	2,062	1,031	103,088	110,296
<b>Total expenses</b>	<b>3,623,996</b>	<b>270,886</b>	<b>309,584</b>	<b>4,204,466</b>	<b>2,046,841</b>
Less: direct costs of special events netted with revenue			(71,161)	(71,161)	0
Less: depreciation and amortization	(99,995)	(2,062)	(1,031)	(103,088)	(110,296)
<b>Total expenses for statement of activities</b>	<b>\$3,524,001</b>	<b>\$268,824</b>	<b>\$237,392</b>	<b>\$4,030,217</b>	<b>\$1,936,545</b>

\* Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.**  
**(d/b/a HERE Art Center)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**  
(With comparative totals for the year ended August 31, 2021)

	8/31/22	8/31/21
Cash flows from operating activities:		
Change in net assets	(\$663,334)	\$1,144,534
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	103,088	110,296
Interest on debt issuance costs	3,541	3,541
Forgiveness of Paycheck Protection Loan	(224,385)	(223,140)
Changes in assets and liabilities:		
Contributions receivable	84,184	(156,292)
Government grants receivable	42,200	(36,940)
Employee Retention Tax Credit receivable	80,509	(80,509)
Other receivables	(2,136)	631
Prepaid expenses and other assets	74,734	(74,491)
Accounts payable and accrued expenses	4,162	89,816
Deferred revenue	(20,162)	7,206
Government grant advances	(248,260)	322,570
Other liabilities	5,956	0
Total adjustments	(96,569)	(37,312)
Net cash flows (used for)/provided by operating activities	(759,903)	1,107,222
Cash flows from investing activities:		
Purchase of fixed assets	(98,000)	0
Net cash flows used for investing activities	(98,000)	0
Cash flows from financing activities:		
Proceeds from Paycheck Protection Loan	0	224,385
Repayment of mortgage payable	(62,485)	(59,373)
Repayment of loan payable	0	(300,000)
Net cash flows used for financing activities	(62,485)	(134,988)
Net (decrease)/increase in cash and cash equivalents	(920,388)	972,234
Cash and cash equivalents - beginning of year	2,103,952	1,131,718
Cash and cash equivalents - end of year	\$1,183,564	\$2,103,952
Supplemental disclosure of cash flow information:		
Total interest paid	\$78,489	\$81,787
Total taxes paid	\$0	\$0

*The attached notes and auditor's report are an integral part of these financial statements.*



**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.**  
**(d/b/a HERE Art Center)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**Note 1 - Organization**

Home for Contemporary Theatre and Art, Ltd. d/b/a HERE Art Center (the "Center") is dedicated to the production and presentation of works by contemporary artists in performance and media. The Center operates a facility which contains two theatres, a café, and support facilities. Revenues are derived primarily from contributions and ticket sales.

The Center has been notified by the Internal Revenue Service that it is tax exempt under Section 501(c)(3) of the Internal Revenue Code. It has not been designated as a private foundation.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

The Center reports information regarding its financial position and activities in the following classes of net assets:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions. The Board of Directors of the Center has established a board designated program reserve fund to ensure long-term stability of the mission, programs, and ongoing operations of the Center. The reserve is intended to provide an internal source of funds for situations such as a sudden unexpected increase in expenses, unanticipated loss in funding, or uninsured losses. The Board of Directors approves any use of the board funds for cashflow purposes provided that any reduction of the fund as of year-end be separately approved in writing by the board.

Activity in the board designated program reserve fund can be summarized as follows for the year ended August 31, 2022:

Beginning Balance	\$0
Transfers in	<u>345,000</u>
Ending Balance	<u>\$345,000</u>

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

c. Revenue Recognition

The Center follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. All contributions receivable at August 31, 2022 are due within one year.

The Center follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. The Center receives ticket sales and co-producer income which falls under FASB ASC 606 and is included in the statement of activities. Revenue is recognized at the point in time that the production takes place and the performance obligation is complete. Earned income that has not been collected at year end is reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

The Center receives income from short-term rentals of its facilities. The Center recognizes rental income over the period of the rental agreement. Rental income falls under the scope of FASB ASC 840: *Leases*.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of August 31, 2022. Write-offs will be made in the period the receivable is deemed to be uncollectable.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. The Center defines operations as all regular recurring activity that relates directly to the mission. Non-operating activity includes depreciation and amortization expense and interest earned on accounts held with financial institutions as well as the transfers to and from operations and the board designated fund.

e. Cash and Cash Equivalents

The Center considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments which potentially subject the Center to a concentration of credit risk consist of cash accounts that are placed with financial institutions that management deems to be creditworthy. At year end and at various times during the year, the Center had material uninsured balances. The Center has not experienced any losses due to the failure of any of these institutions.

g. Fixed Assets

Fixed assets and equipment purchased that exceed \$5,000 and benefit future periods are capitalized at cost or, if donated, at the estimated fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

Building - 39 years

Building improvements - 5 to 39 years

Computers and equipment - 5 to 7 years

Website - 3 years

h. Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense was \$47,859 and \$19,717 for the years ended August 31, 2022 and August 31, 2021, respectively.

i. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. Effective September 1, 2021, the Center adopted the requirements of FASB ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional qualitative and quantitative disclosures.

The following summarizes the donated goods, services, and space as well as how the related expenses were allocated:

Valuation Techniques and Inputs

Donated space – office rent	In valuing the donated space for office space located on Hudson Street in New York City, NY, the Center estimated the fair value on the basis of recent comparable rental prices in Manhattan’s real estate market. This estimate was confirmed with the landlord.
Professional fees – legal	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Artistic fees	Contributed services from artists are valued at the estimated fair value based on current rates for similar services.
Fundraising and other event expenses	The Center estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

The following summarizes the donated goods, services, and space:

	<u>August 31, 2022</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Office rent	\$411,657	\$399,307	\$8,233	\$4,117
Professional fees	5,000	0	5,000	0
Fundraising and other events	<u>500</u>	<u>0</u>	<u>0</u>	<u>500</u>
Total	<u>\$417,157</u>	<u>\$399,307</u>	<u>\$13,233</u>	<u>\$4,617</u>

  

	<u>August 31, 2021</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Office rent	\$120,000	\$84,187	\$11,335	\$24,478
Professional fees	5,000	0	5,000	0
Artistic fees	<u>554</u>	<u>554</u>	<u>0</u>	<u>0</u>
Total	<u>\$125,554</u>	<u>\$84,741</u>	<u>\$16,335</u>	<u>\$24,478</u>

There were no donor restrictions associated with any of the donated goods, services and space.

Many volunteers, including board members provide service in support of the Center’s mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

j. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

The following costs are allocated using time and effort as the basis:

- Salaries

The following costs are allocated using the salary allocation as the basis:

- Payroll taxes and employee benefits
- In-Kind office rent
- Insurance expense
- Postage and shipping
- Telephone

The following costs are allocated based on square footage usage of the building by department:

- Utilities and storage
- Repairs and maintenance
- Interest
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting services.

l. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2021 from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

The Center does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2019 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the August 31, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position. The Center is in the process of evaluating the impact this standard will have on future financial statements.

**Note 3 - Employee Retention Tax Credit**

During the year ended August 31, 2021, the Center claimed the Employee Retention Tax Credit (“ERTC”) in the amount of \$148,458. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020 through September 30, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

The Center accounts for the ERTC as a conditional contribution in accordance with FASB ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the year ended August 31, 2021, and the full amount was recognized as revenue during the year then ended. The Center had a receivable balance of \$80,509 at August 31, 2021, which was collected in full during the year ended August 31, 2022.

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

	<u>8/31/22</u>	<u>8/31/21</u>
Building	\$1,538,677	\$1,538,677
Building improvements	2,621,895	2,621,895
Computers and equipment	279,695	279,695
Website	<u>150,728</u>	<u>52,728</u>
	4,590,995	4,492,995
Less: accumulated depreciation and amortization	<u>(2,174,150)</u>	<u>(2,071,062)</u>
Total fixed assets, net	<u>\$2,416,845</u>	<u>\$2,421,933</u>

**Note 5 - Paycheck Protection Program Loan**

During the year ended August 31, 2020, the Center obtained a loan of \$223,140 from the Small Business Administration (“SBA”) through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

The Center accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. During the year ended August 31, 2021, the Center met all conditions for forgiveness and recognized the loan as revenue. In addition, the Center was notified that full forgiveness was approved by the SBA.

During the year ended August 31, 2021, the Center obtained a second PPP loan from the SBA in the amount of \$224,385 that had similar terms as the first loan. The Center met the conditions for full forgiveness during the year ended August 31, 2022 and recognized the loan as revenue.

**Note 6 - Mortgage Payable**

On January 19, 2018, a mortgage loan and consolidation agreement for \$1,764,335 was entered into by the Center. Funds were used to retire the previously existing mortgage and all other outstanding loans at the time. Monthly installments of \$11,763 will be applied first to interest at 5.05% per annum and the balance to the principal. The remaining principal is required to be repaid in full by January 19, 2038.

As of August 31, 2022, the statement of financial position reflects the balance of the mortgage in the amount of \$1,502,405 less debt issuance costs of \$54,291. This mortgage is secured by the building at 145 Avenue of the Americas. The Center is subject to financial and reporting covenants as part of the mortgage agreement.

Minimum scheduled principal payments on the new mortgage are as follows:

Year ending:	August 31, 2023	\$67,127
	August 31, 2024	70,956
	August 31, 2025	74,245
	August 31, 2026	78,083
	August 31, 2027	82,118
	Thereafter	<u>1,129,876</u>
Total		<u>\$1,502,405</u>

**Note 7 - Net Assets with Donor Restrictions**

The following summarizes net assets with donor restrictions:

	<u>August 31, 2022</u>			
	Balance <u>9/1/21</u>	Restricted Contributions	Released from Restrictions	Balance <u>8/31/22</u>
Programs:				
Prototype Festival	\$415,249	\$138,500	(\$303,942)	\$249,807
HERE & Back	915,813	20,000	(915,813)	20,000
HARP	70,338	39,000	(70,338)	39,000
Dream Music Puppetry	17,628	60,050	(17,628)	60,050
Other Productions	<u>11,785</u>	<u>33,525</u>	<u>(9,385)</u>	<u>35,925</u>
Total programs	1,430,813	291,075	(1,317,106)	404,782
Capacity Building	100,000	125,000	(114,000)	111,000
Time restricted for FY '23	<u>530,500</u>	<u>323,007</u>	<u>(355,500)</u>	<u>498,007</u>
Total	<u>\$2,061,313</u>	<u>\$739,082</u>	<u>(\$1,786,606)</u>	<u>\$1,013,789</u>

August 31, 2021

	<u>Balance</u> <u>9/1/20</u>	<u>Restricted</u> <u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>8/31/21</u>
Programs:				
Prototype Festival	\$377,600	\$148,749	(\$111,100)	\$415,249
HERE & Back	223,597	853,500	(161,284)	915,813
HARP	49,000	59,820	(38,482)	70,338
Dream Music Puppetry	5,000	28,000	(15,372)	17,628
Other Productions	<u>4,285</u>	<u>7,500</u>	<u>(0)</u>	<u>11,785</u>
Total programs	659,482	1,097,569	(326,238)	1,430,813
Capacity Building	50,000	75,000	(25,000)	100,000
Time restriction	<u>300,000</u>	<u>483,500</u>	<u>(253,000)</u>	<u>530,500</u>
Total	<u>\$1,009,482</u>	<u>\$1,656,069</u>	<u>(\$604,238)</u>	<u>\$2,061,313</u>

**Note 8 - Loans Payable**

On June 16, 2020, the Center entered into an interest free loan agreement with a nonprofit in the amount of \$300,000. Proceeds were to be used for general operating support costs. At August 31, 2020, the outstanding balance on this loan was \$300,000. The balance was repaid in full during 2021 and there was no outstanding balance at August 31, 2021.

**Note 9 - Special Events**

During the year ended August 31, 2021, the Center did not hold any fundraising events due to the COVID-19 pandemic.

During the year ended August 31, 2022, the Center's annual benefit returned. The special event proceeds for the year ended August 31, 2022 are as follows:

Gross revenue	\$290,032
Less: expenses with a direct benefit to donors	<u>(71,161)</u>
	218,871
Less: indirect event expenses	<u>(5,983)</u>
Total	<u>\$212,888</u>

**Note 10 - Commitments and Contingencies**

Government supported projects are subject to audit by the applicable granting agency. Management is of the opinion that disallowances that may result from such audits is immaterial and has not recorded a reserve. A liability resulting in potential disallowed costs will be recorded when notified and payment is considered probable.

In addition, on July 20, 2022, the Center entered into a 99 year lease agreement for rehearsal space along with three other non-profit organizations under the affiliation of the West Village Rehearsal Co-Op. The lease calls for annual rental payments of \$1 and the Center is able to use the space for two months every year.



**Note 11 - Retirement Plan**

The Center has a tax deferred annuity plan under IRS section 403(b) for employees who are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The Center does not contribute to the plan.

**Note 12 - Availability and Liquidity**

The Center maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. The Center operates its programs within a board approved budget. The following reflects the Center's financial assets at August 31, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$1,183,564
Contributions receivable	192,133
Government grants receivable	25,700
Other receivables	<u>42,872</u>
Total financial assets	\$1,444,269
Less amounts not available for general expenditures:	
Donor restricted net assets – program restrictions	<u>(404,782)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,039,487</u>

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through March 28, 2023, the date the financial statements were available to be issued. There have been no subsequent events that have occurred that would require adjustment to or disclosure within the financial statements.