

THEATRE DEVELOPMENT FUND, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Theatre Development Fund, Inc.

We have audited the accompanying financial statements of Theatre Development Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theatre Development Fund, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Theatre Development Fund, Inc. has suspended most of its program activities as a result of the direction of state and local authorities and in accordance with guidance issued by federal agencies. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
December 9, 2020

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$ 2,296,902	\$ 2,019,195
Receivables, net of allowance for doubtful accounts of \$3,500	390,433	195,831
Contributions receivable (Notes 1c and 6)		
Without donor restrictions	234,805	265,668
With donor restrictions	326,865	555,800
Prepaid expenses and other current assets	184,970	144,581
Investments (Notes 1d and 7)	5,639,571	6,342,189
Fixed assets, at cost, net of accumulated depreciation (Notes 1e and 8)	1,516,478	1,943,018
Costume collection (Note 1f)	-	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$10,590,024</u></u>	<u><u>\$11,466,282</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,117,961	\$ 1,531,362
Advance ticket revenue (Note 1g)	253	621,271
Other deferred revenue	67,910	78,394
Loan payable - Paycheck Protection Program (Note 9)	2,043,780	-
Accrued pension expense (Note 11a)	2,083,656	1,391,084
Deferred rent (Note 10a)	674,921	621,216
Total Liabilities	<u>5,988,481</u>	<u>4,243,327</u>
Commitments and Contingencies (Notes 8, 10, 11 and 12)		
Net Assets (Notes 1j and 3)		
Without Donor Restrictions (Note 3a)		
Operating		
Related to accrued pension expense	(2,083,656)	(1,391,084)
TDF Activity/Leagues' special projects	1,132,734	1,369,019
Other	<u>(2,808,220)</u>	<u>(1,989,321)</u>
	<u>(3,759,142)</u>	<u>(2,011,386)</u>
Board designated reserve	6,139,571	6,342,189
Fixed assets	1,359,586	1,771,489
Total Without Donor Restrictions	<u>3,740,015</u>	<u>6,102,292</u>
With Donor Restrictions (Notes 3b and 5)	861,528	1,120,663
Total Net Assets	<u>4,601,543</u>	<u>7,222,955</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$10,590,024</u></u>	<u><u>\$11,466,282</u></u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020						2019					
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total		
	Operating	Board Designated Reserve	Fixed Assets			Operating	Board Designated Reserve	Fixed Assets				
Changes in Net Assets												
Revenue and Support												
TKTS by TDF, net of ticket purchases of \$55,163,049 (2020) and \$94,946,150 (2019)	\$ 3,990,159	\$ -	\$ -	\$ 3,990,159	\$ -	\$ 3,990,159	\$ 6,319,521	\$ -	\$ -	\$ 6,319,521	\$ -	\$ 6,319,521
Membership Ticket Distribution Program												
Service charge, net of ticket purchases of \$16,334,973 (2020) and \$22,903,547 (2019)	1,901,737	-	-	1,901,737	-	1,901,737	2,828,985	-	-	2,828,985	-	2,828,985
Ticket handling charges	813,385	-	-	813,385	-	813,385	1,147,286	-	-	1,147,286	-	1,147,286
Membership fees	3,440,031	-	-	3,440,031	-	3,440,031	4,301,835	-	-	4,301,835	-	4,301,835
Costume Collection rental income	579,575	-	-	579,575	-	579,575	903,584	-	-	903,584	-	903,584
Interest and dividends, net of fees	8,619	144,290	-	152,909	-	152,909	5,261	238,944	-	244,205	-	244,205
Net realized and unrealized gains (losses) on investments	264	(85,908)	-	(85,644)	-	(85,644)	1,441	267,308	-	268,749	-	268,749
Other earned revenue	816,539	-	-	816,539	-	816,539	860,623	-	-	860,623	-	860,623
Grants and contributions	3,213,083	-	-	3,213,083	65,765	3,278,848	2,168,182	25,000	-	2,193,182	598,900	2,792,082
Fundraising benefit events (Note 12), net of direct expenses of \$430,604 (2019)	-	-	-	-	-	-	141,382	-	-	141,382	-	141,382
	14,763,392	58,382	-	14,821,774	65,765	14,887,539	18,678,100	531,252	-	19,209,352	598,900	19,808,252
Net assets released from restrictions												
Satisfaction of time and program restrictions	324,900	-	-	324,900	(324,900)	-	309,606	-	-	309,606	(309,606)	-
Total Revenue and Support from Operations	15,088,292	58,382	-	15,146,674	(259,135)	14,887,539	18,987,706	531,252	-	19,518,958	289,294	19,808,252
Expenses												
Program Services												
TKTS by TDF	3,756,768	-	113,049	3,869,817	-	3,869,817	5,513,671	-	106,497	5,620,168	-	5,620,168
TDF Membership Program	2,910,095	-	84,059	2,994,154	-	2,994,154	3,380,478	-	84,985	3,465,463	-	3,465,463
TDF Schools and Community Engagement	2,210,262	-	49,091	2,259,353	-	2,259,353	2,196,485	-	41,473	2,237,958	-	2,237,958
TDF Accessibility Programs	1,573,508	-	35,641	1,609,149	-	1,609,149	1,910,797	-	36,034	1,946,831	-	1,946,831
Costume Collection	1,221,300	-	51,225	1,272,525	-	1,272,525	1,431,026	-	53,846	1,484,872	-	1,484,872
Outreach and Public Relations	534,244	-	30,261	564,505	-	564,505	732,665	-	30,595	763,260	-	763,260
Audience Research	525,393	-	-	525,393	-	525,393	404,927	-	-	404,927	-	404,927
Total Program Services	12,731,570	-	363,326	13,094,896	-	13,094,896	15,570,049	-	353,430	15,923,479	-	15,923,479
Supporting Services												
Administration	2,368,348	-	41,023	2,409,371	-	2,409,371	2,044,332	-	41,473	2,085,805	-	2,085,805
Fundraising	1,361,073	-	22,191	1,383,264	-	1,383,264	1,229,873	-	22,435	1,252,308	-	1,252,308
Total Supporting Services	3,729,421	-	63,214	3,792,635	-	3,792,635	3,274,205	-	63,908	3,338,113	-	3,338,113
Total Expenses	16,460,991	-	426,540	16,887,531	-	16,887,531	18,844,254	-	417,338	19,261,592	-	19,261,592
Excess (Deficit) of Support and Revenue Over Expenses from Operating Activities Before Transfers and Appropriation	(1,372,699)	58,382	(426,540)	(1,740,857)	(259,135)	(1,999,992)	143,452	531,252	(417,338)	257,366	289,294	546,660
Transfers from board designated reserve to fund TDF programmatic expansion (Note 3a)	261,000	(261,000)	-	-	-	-	208,800	(208,800)	-	-	-	-
Excess (Deficit) of Support and Revenue Over Expenses from Operating Activities Before Transfers to Fixed Asset Fund	(1,111,699)	(202,618)	(426,540)	(1,740,857)	(259,135)	(1,999,992)	352,252	322,452	(417,338)	257,366	289,294	546,660
Transfers to fixed asset fund	(14,637)	-	14,637	-	-	-	(585,997)	-	585,997	-	-	-
Change in Net Assets from Operating Activities (carried forward)	(1,126,336)	(202,618)	(411,903)	(1,740,857)	(259,135)	(1,999,992)	(233,745)	322,452	168,659	257,366	289,294	546,660

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020						2019					
	Without Donor Restrictions			With Donor Restrictions			Without Donor Restrictions			With Donor Restrictions		
	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total
Change in Net Assets from Operating Activities (brought forward)	\$ (1,126,336)	\$ (202,618)	\$ (411,903)	\$ (1,740,857)	\$ (259,135)	\$ (1,999,992)	\$ (233,745)	\$ 322,452	\$ 168,659	\$ 257,366	\$ 289,294	\$ 546,660
Non-Operating Activities												
Pension-related changes other than periodic pension cost (Note 11a)	(621,420)	-	-	(621,420)	-	(621,420)	(159,002)	-	-	(159,002)	-	(159,002)
Change in net assets	(1,747,756)	(202,618)	(411,903)	(2,362,277)	(259,135)	(2,621,412)	(392,747)	322,452	168,659	98,364	289,294	387,658
Net assets (deficit), beginning of year	(2,011,386)	6,342,189	1,771,489	6,102,292	1,120,663	7,222,955	(1,618,639)	6,019,737	1,602,830	6,003,928	831,369	6,835,297
Net Assets (Deficit), End of Year	* \$ (3,759,142)	\$ 6,139,571	\$ 1,359,586	\$ 3,740,015	\$ 861,528	\$ 4,601,543	* \$ (2,011,386)	\$ 6,342,189	\$ 1,771,489	\$ 6,102,292	\$ 1,120,663	\$ 7,222,955

* Includes net deficit of \$2,083,656 (2020) and \$1,391,084 (2019) related to accrued pension expense.

THEATRE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	2020							2019					
	Program Services							Supporting Services			Total Expenses	Total Expenses	
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Outreach and Public Relations	Audience Research	Total	Administration	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$2,194,423	\$ 931,970	\$ 1,227,753	\$ 370,506	\$ 463,763	\$ 244,565	\$ 85,374	\$ 5,518,354	\$ 1,078,318	\$ 547,405	\$1,625,723	\$ 7,144,077	\$ 8,426,479
Payroll taxes and employee benefits	930,532	343,098	249,456	128,176	149,323	68,612	4,516	1,873,713	411,244	154,689	565,933	2,439,646	2,653,956
Professional fees	-	-	-	-	-	-	-	-	170,588	-	170,588	170,588	116,242
Program consultants and creative participants	8,623	41,393	27,910	144,363	8,503	8,086	1,238	240,116	125,554	112,266	237,820	477,936	659,230
Advertising and marketing	1,755	1,754	1,754	4,254	1,824	75,976	-	87,317	1,754	27,478	29,232	116,549	134,897
Office expenses	77,942	106,146	46,350	50,374	69,179	9,375	4,377	363,743	99,448	21,631	121,079	484,822	520,293
Occupancy costs	355,883	159,898	91,587	71,691	287,331	17,577	6,695	990,662	171,585	37,665	209,250	1,199,912	1,220,515
Equipment rental and maintenance	5,935	13,683	4,615	6,284	11,962	928	578	43,985	9,813	2,364	12,177	56,162	105,447
Printing and publications	5,623	46,390	3,298	2,973	707	15,526	74	74,591	2,096	54,335	56,431	131,022	150,159
Travel	3,244	3,128	9,825	38,656	1,292	2,636	89	58,870	17,804	7,498	25,302	84,172	83,375
Insurance	47,688	17,295	5,505	4,458	40,431	1,101	732	117,210	19,024	2,880	21,904	139,114	135,474
Postage and shipping	81	42,532	1,641	5,718	17,825	432	130	68,359	3,892	12,207	16,099	84,458	100,538
Ticket purchases	-	502,213	424,375	652,867	-	-	-	1,579,455	-	1,092	1,092	1,580,547	1,567,476
Subsidy expense - Membership Ticket Distribution Program	-	-	-	-	-	-	-	-	-	-	-	-	740,993
Security	15,262	2,058	1,100	925	490	228	87	20,150	2,232	490	2,722	22,872	27,716
Costume cleaning and related expenses	18,737	-	-	-	99,346	2,168	4,337	124,588	-	-	-	124,588	164,338
Computer related costs	86,181	105,471	18,736	14,399	16,567	3,557	-	244,911	49,264	19,551	68,815	313,726	158,868
Credit card fees	-	555,535	-	9,947	11,940	-	-	577,422	24,027	27,646	51,673	629,095	903,653
Grants	-	-	-	43,500	-	-	-	43,500	-	-	-	43,500	103,500
Leagues' Special Projects	-	-	-	-	-	65,000	416,949	481,949	25,000	-	25,000	506,949	363,868
Costs related to cancelled fundraising event (Note 12)	-	-	-	-	-	-	-	-	-	277,745	277,745	277,745	-
Miscellaneous	4,859	37,531	96,357	24,417	40,817	18,477	217	222,675	156,705	54,131	210,836	433,511	507,237
Total expenses before depreciation	3,756,768	2,910,095	2,210,262	1,573,508	1,221,300	534,244	525,393	12,731,570	2,368,348	1,361,073	3,729,421	16,460,991	18,844,254
Depreciation	113,049	84,059	49,091	35,641	51,225	30,261	-	363,326	41,023	22,191	63,214	426,540	417,338
Total Expenses, 2020	<u>\$3,869,817</u>	<u>\$ 2,994,154</u>	<u>\$ 2,259,353</u>	<u>\$ 1,609,149</u>	<u>\$1,272,525</u>	<u>\$ 564,505</u>	<u>\$ 525,393</u>	<u>\$13,094,896</u>	<u>\$ 2,409,371</u>	<u>\$ 1,383,264</u>	<u>\$3,792,635</u>	<u>\$16,887,531</u>	
Total Expenses, 2019	<u>\$5,620,168</u>	<u>\$ 3,465,463</u>	<u>\$ 2,237,958</u>	<u>\$ 1,946,831</u>	<u>\$1,484,872</u>	<u>\$ 763,260</u>	<u>\$ 404,927</u>	<u>\$15,923,479</u>	<u>\$ 2,085,805</u>	<u>\$ 1,252,308</u>	<u>\$3,338,113</u>		<u>\$19,261,592</u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services			Total Expenses	
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Outreach and Public Relations	Audience Research	Total	Administration	Fundraising		Total
Salaries	\$3,450,276	\$ 1,025,190	\$ 979,075	\$ 400,610	\$ 519,856	\$ 267,734	\$ 94,349	\$ 6,737,090	\$ 1,062,588	\$ 626,801	\$1,689,389	\$ 8,426,479
Payroll taxes and employee benefits	1,279,167	329,771	186,802	119,253	157,503	73,296	16,526	2,162,318	325,714	165,924	491,638	2,653,956
Professional fees	-	-	-	-	-	-	-	-	116,242	-	116,242	116,242
Program consultants and creative participants	9,845	9,090	41,011	213,611	9,563	138,644	23,872	445,636	74,545	139,049	213,594	659,230
Advertising and marketing	2,798	2,034	2,038	3,984	2,034	90,770	-	103,658	2,034	29,205	31,239	134,897
Office expenses	102,799	111,604	41,364	55,803	70,515	10,730	4,776	397,591	99,606	23,096	122,702	520,293
Occupancy costs	371,780	154,103	87,682	79,956	292,184	17,674	6,733	1,010,112	172,530	37,873	210,403	1,220,515
Equipment rental and maintenance	13,523	27,661	5,738	11,583	24,543	1,418	1,134	85,600	15,819	4,028	19,847	105,447
Printing and publications	7,518	49,523	4,836	5,461	6,434	11,203	89	85,064	2,412	62,683	65,095	150,159
Travel	4,745	3,440	13,914	36,134	3,686	431	76	62,426	18,577	2,372	20,949	83,375
Insurance	47,940	16,389	4,220	4,515	40,499	1,043	706	115,312	17,414	2,748	20,162	135,474
Postage and shipping	-	48,921	1,639	8,817	23,803	587	154	83,921	4,356	12,261	16,617	100,538
Ticket purchases	-	-	676,660	890,816	-	-	-	1,567,476	-	-	-	1,567,476
Subsidy expense - Membership Ticket Distribution Program	-	740,993	-	-	-	-	-	740,993	-	-	-	740,993
Security	21,259	1,496	703	769	372	174	66	24,839	2,505	372	2,877	27,716
Costume cleaning and related expenses	-	-	-	-	164,338	-	-	164,338	-	-	-	164,338
Computer related costs	12,890	57,190	8,287	8,227	9,393	3,564	2,332	101,883	33,046	23,939	56,985	158,868
Credit card fees	165,127	698,707	-	9,826	12,489	-	-	886,149	39	17,465	17,504	903,653
Grants	-	-	60,000	43,500	-	-	-	103,500	-	-	-	103,500
Leagues' Special Projects	-	-	-	-	-	86,240	252,628	338,868	25,000	-	25,000	363,868
Miscellaneous	24,004	104,366	82,516	17,932	93,814	29,157	1,486	353,275	71,905	82,057	153,962	507,237
Total expenses before depreciation	5,513,671	3,380,478	2,196,485	1,910,797	1,431,026	732,665	404,927	15,570,049	2,044,332	1,229,873	3,274,205	18,844,254
Depreciation	106,497	84,985	41,473	36,034	53,846	30,595	-	353,430	41,473	22,435	63,908	417,338
Total Expenses	<u>\$5,620,168</u>	<u>\$ 3,465,463</u>	<u>\$ 2,237,958</u>	<u>\$ 1,946,831</u>	<u>\$1,484,872</u>	<u>\$ 763,260</u>	<u>\$404,927</u>	<u>\$15,923,479</u>	<u>\$ 2,085,805</u>	<u>\$ 1,252,308</u>	<u>\$3,338,113</u>	<u>\$19,261,592</u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$(2,621,412)	\$ 387,658
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Pension-related changes other than periodic pension cost	621,420	159,002
Depreciation and amortization	426,540	417,338
Deferred rent	53,705	70,671
Contributions restricted to endowment	(2,000)	(244,000)
Net realized and unrealized (gains) losses on investments	85,644	(268,749)
(Increase) decrease in:		
Receivables	(194,602)	64,293
Contributions receivable	186,798	356,809
Prepaid expenses and other current assets	(40,389)	796,840
Increase (decrease) in:		
Accounts payable and accrued expenses	(413,401)	(266,986)
Advance ticket revenue	(621,018)	(119,309)
Other deferred revenue	(10,484)	9,599
Accrued pension expense	71,152	978
Net Cash Provided (Used) By Operating Activities	<u>(2,458,047)</u>	<u>1,364,144</u>
 Cash Flows From Investing Activities		
Acquisition of fixed assets	-	(571,360)
Proceeds from sale of investments	761,264	4,251,175
Purchase of investments	(144,290)	(4,304,878)
Net Cash Provided (Used) By Investing Activities	<u>616,974</u>	<u>(625,063)</u>
 Cash Flows From Financing Activities		
Collection of contributions restricted to endowment	75,000	100,000
Proceeds from loan	2,043,780	-
Net Cash Provided By Financing Activities	<u>2,118,780</u>	<u>100,000</u>
 Net increase in cash and cash equivalents	277,707	839,081
Cash and cash equivalents, beginning of year	<u>2,019,195</u>	<u>1,180,114</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 2,296,902</u></u>	<u><u>\$ 2,019,195</u></u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Theatre Development Fund, Inc. ("TDF"), a not-for-profit organization founded in 1967 to promote the performing arts, is a broadly-oriented service and advocacy organization dedicated to bringing the power of the performing arts to everyone. TDF's activities fall into three areas. TDF expands access, making the performing arts accessible to all by removing cultural, physical and financial barriers. TDF cultivates communities of theatergoers by engaging, educating and encouraging people to make the performing arts an essential part of their lives. TDF supports theatre makers, sustains creators, and advances the industry through convenings, research, and the TDF Costume Collection. Through its programs, TDF brings theatre into the lives of over 2,000,000 people per year. TDF's efforts are primarily focused in New York, but it has also been involved in audience development efforts for the performing arts across the United States and, on a limited basis, internationally.

b - Cash and Cash Equivalents

Cash equivalents consist of investments that are readily convertible into cash and have original maturities of three months or less when purchased, except for those short-term investments managed by TDF's investment managers as part of their long-term investment strategies.

c - Contribution Revenue and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to TDF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Until then, such conditional contributions and grants are not recorded in TDF's financial statements. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

TDF uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Investments and Fair Value Measurements

TDF reflects investments at fair value in the statements of financial position. Interest, dividends, and gains and losses on investments are reflected in the statements of activities.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments and Fair Value Measurements (continued)**

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. TDF uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of TDF's investments is measured using Level 1 inputs, the quoted prices in active markets.

e - Fixed Assets

Fixed assets are reported at cost, or if donated at the fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

f - Costume Collection

TDF owns a costume collection, a significant portion of which was originally acquired from Costume Collection, Inc. and the New York State Council on the Arts, and which also includes costumes that have been acquired through donations from others. TDF maintains such costumes and rents them primarily to not-for-profit organizations.

The value of the collection is not reflected as an asset in the statements of financial position. The collection is covered through insurance for losses up to a maximum of \$8 million.

g - Revenue Recognition

Performing arts ticket sales revenue, consisting of sales generated at theatre centres through the ticket distribution program, is recognized when the performance occurs. Revenue from the consignment ticket sales generated at the theatre centres and through the ticket distribution program is recognized net of the ticket purchase price.

h - Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$116,554 and \$134,893, respectively.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of TDF's expenses are directly related to program activities. The expenses that are allocated include depreciation and general office expenses, including occupancy costs, which are allocated on a square-footage basis, and certain management compensation and general computer and website costs, which are allocated on the basis of time and effort.

j - Financial Statement Presentation

The financial statements of TDF have been prepared in accordance with U.S. generally accepted accounting principles, which require TDF to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing TDF's primary objectives. These net assets may be used at the discretion of TDF's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TDF or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

k - Tax Status

TDF is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m - Subsequent Events

TDF has evaluated subsequent events through December 9, 2020, the date that the financial statements are considered available to be issued.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - New Accounting Pronouncements**

For 2020, TDF has adopted Accounting Standards Update (ASU) ASU 2018-08, "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*." The adoption of this standard resulted in no significant changes in the way TDF recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The Financial Accounting Standards Board (FASB) issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," which requires organizations to recognize revenue when performance obligations within a contract are satisfied. ASU 2014-09 is effective for fiscal years beginning after December 15, 2019. In addition, the FASB issued ASU 2016-02, "*Leases (Topic 842)*," which changes the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. TDF is currently evaluating the impact of these standards on its financial statements.

Note 2 - Information Regarding Liquidity and Availability

TDF operates with a balanced budget for each year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of TDF's revenue derives from service charges associated with its ticketing programs. The budget bases the revenue assumptions on prior year's performance, anticipated theatrical and dance activity in the upcoming season and trends in the marketplace. Contributed revenue assumptions are based on prior year's performance and anticipated new funders. TDF considers general expenditures to consist of all expenses related to ongoing and new programmatic activities as well as expenses related to general and administrative costs and fundraising activities undertaken to support those programs.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

TDF regularly monitors its activities to ensure it is able to meet its operating needs and other commitments and obligations. Due to the nature of its ticket selling programs, TDF routinely has significant funds on hand representing the purchase of tickets for future performances. Those funds are paid out to the production companies as performances occur; this necessitates liquidity sufficient to meet frequent payment demands. In addition, the reliance on the availability of tickets from outside producers creates an unpredictable environment in terms of revenue cycles. TDF ensures that it has sufficient liquidity to meet expenditures at all times. The combination of cash on hand at the commencement of the fiscal year as well as the sufficiency of revenues generated during the year to fund expenses has allowed TDF to operate without use of the funds in the Board Designated Reserve Fund other than the annual appropriations made pursuant to its spending policy.

TDF's financial assets as of June 30, 2020 and 2019, and those available within one year to meet cash needs for general expenditures, are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,296,902	\$2,019,195
Receivables (excluding \$39,750 of deposits)	390,433	155,461
Contributions receivable	561,670	821,468
Investments	<u>5,639,571</u>	<u>6,342,189</u>
Total Financial Assets	8,888,576	9,338,313
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(565,528)	(826,663)
Plus: Net assets with donor restrictions expected to be met in less than one year	243,000	420,500
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(296,000)	(294,000)
Net assets without donor restrictions, subject to spending policy and appropriation	(5,639,571)	(6,342,189)
Plus: Amounts appropriated for use within one year	<u>261,000</u>	<u>261,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,891,477</u>	<u>\$2,556,961</u>

In addition to these financial assets available within one year as of June 30, 2020, TDF maintains board designated reserve funds of \$5,378,571 (excluding the appropriation for fiscal year 2021 of \$261,000). The reserve, which is invested under the direction of the Finance Committee, could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Trustees.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 3 - Net Assets

a - Net Assets Without Donor Restrictions

Board Designated Reserve

Effective July 1, 1996, as authorized by the Board of Trustees, TDF established the Board Designated Reserve (the "Reserve"). The Reserve is primarily held available for various TDF programs in the event of extraordinary circumstances, and may not be used without the express approval of the Board of Trustees. During the year ended June 30, 2012, the Board of Trustees approved a transfer of \$400,000 to the Reserve to fund TDF's expected required contributions to its defined benefit pension plan in future years. During the year ended June 30, 2013, \$60,000 was used for this purpose, and the remaining \$340,000 is available for future periods.

The Board of Trustees has approved a policy to allow for annual appropriations to fund programmatic expansion in an amount not to exceed 5% of the value of the Reserve based on a rolling sixteen quarter average fair market value. Transfers during the years ended June 30, 2020 and 2019 of \$261,000 (5%) and \$208,800 (4%), respectively, have been recognized pursuant to this policy.

During the year ended June 30, 2020, TDF borrowed an additional \$500,000 from the Reserve fund, which will be repaid at a later date.

TDF Activity/Leagues' Special Projects

Annually, the revenue derived from a portion of the service charge of the Theatre Centres is to be used for TDF program activities and for League projects that are mutually agreed to by TDF and The Broadway League or the League of Off-Broadway Theatres and Producers. The projects are administered by TDF as set forth in the Leagues' Special Projects classification. These revenues and expenses are reported as part of TDF's operating activities. For the years ended June 30, 2020 and 2019, the excess (deficit) of these revenues over expenses was \$(236,227) and \$37,914, respectively.

b - Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Operating:		
Subject to expenditure for specified purpose	\$518,528	\$ 726,563
Subject to passage of time	<u>47,000</u>	<u>100,100</u>
	565,528	826,663
Endowment Subject to Spending Policy and Appropriation (Note 5):		
Investment in Perpetuity		
Theatre education program	<u>296,000</u>	<u>294,000</u>
Total Net Assets with Donor Restrictions	<u>\$861,528</u>	<u>\$1,120,663</u>

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 4 - Concentration of Credit Risk**

TDF maintains its cash and cash equivalents at a financial institution in New York. Certain cash balances are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Cash balances commonly exceed federally insured limits, and result in a concentration of credit risk. Any exposure to risk is monitored on a regular basis.

Note 5 - Endowment Funds

TDF launched a campaign to fund an endowment for the Wendy Wasserstein Project, a theatre education mentoring program for New York City high school students. The Campaign is in its earliest phase, and TDF anticipates a three to four year campaign with a goal currently set at \$3 million. Through June 30, 2020, TDF received \$300,000, for this endowment. TDF also expects to allocate other donor-restricted funds raised in prior years in memory of Wendy Wasserstein totaling approximately \$175,000, and combine them with this endowment fund. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York State Prudent Management of Institutional Funds Act, TDF classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying them to net assets without donor restrictions.

TDF's endowment funds at June 30, 2020 and 2019 are donor-restricted endowment funds classified as net assets with donor restrictions, and total \$225,000 and \$150,000, respectively.

TDF invests its endowment funds in a money market fund in a manner that is intended to produce current income while assuming a low level of investment risk. For the years ended June 30, 2020 and 2019, TDF did not earn or appropriate any income for expenditure.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 6 - Contributions Receivable

Contributions receivable at June 30 are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$451,005	\$589,359
Due within two to five years	<u>120,700</u>	<u>251,309</u>
	571,705	840,668
Less: Discount to present value	<u>(10,035)</u>	<u>(19,200)</u>
	<u>\$561,670</u>	<u>\$821,468</u>

Contributions receivable are summarized as follows by net asset classification as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$234,805	\$265,668
With donor restrictions:		
Time and purpose restrictions	255,865	411,800
Perpetual in nature	<u>71,000</u>	<u>144,000</u>
	<u>\$561,670</u>	<u>\$821,468</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to present value using a discount rate of 3%.

Note 7 - Investments

Investments, all of which are Level 1 within the fair value hierarchy, consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 504,163	\$ 504,163	\$ 402,387	\$ 402,387
Mutual funds - equities	3,141,750	3,585,228	3,806,162	4,409,601
Mutual funds - fixed income	223,937	205,779	388,680	386,253
Fixed income - U.S. Treasury	419,926	432,288	540,418	549,497
Fixed income - Corporate	<u>892,351</u>	<u>912,113</u>	<u>578,301</u>	<u>594,451</u>
	<u>\$5,182,127</u>	<u>\$5,639,571</u>	<u>\$5,715,948</u>	<u>\$6,342,189</u>

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 8 - Fixed Assets

a - Fixed assets at June 30, 2020 and 2019 consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Furniture, computers and equipment	3-5 years	\$ 232,038	\$ 247,515
Leasehold improvements	Life of lease	2,665,071	2,665,071
Website and software application costs	3 years	<u>878,192</u>	<u>878,192</u>
		3,775,301	3,790,778
Less: Accumulated depreciation and amortization		<u>(2,258,823)</u>	<u>(1,847,760)</u>
		<u>\$1,516,478</u>	<u>\$1,943,018</u>

b - Construction of a new TKTS booth on Duffy Square (Times Square Theatre Centre, occupied by TDF under a license agreement expiring 2027) was completed in October 2008. The construction of the new booth was part of a larger project for the expansion and redevelopment of Duffy Square. The overall project was a joint collaboration between TDF, the Times Square Alliance and the Coalition for Father Duffy. The total cost was in excess of \$18 million dollars and was funded by the three private parties and the City of New York.

TDF initially contributed \$1,093,744 toward the project in cash and preconstruction phase expenditures. The project costs exceeding the public funding and the commitments of TDF and the Coalition for Father Duffy were funded by the Times Square Alliance. TDF has made additional contributions towards these excess project costs totaling \$575,000.

Note 9 - Loan Payable

On April 17, 2020, TDF received a loan totaling \$2,043,780 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on April 17, 2022, and may be forgiven if TDF meets certain employee retention requirements or if TDF is unable to operate as of December 31, 2020 due to COVID-19 regulations or recommendations from federal agencies. In either case, TDF must also use the funds for eligible purposes to qualify for forgiveness. TDF expects that the full amount of this loan will be forgiven.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 10 - Commitments and Contingencies

- a - TDF occupies office space, warehouse space (for the Costume Collection) and space for its ticket centres under various leases and license agreements. Future payments under certain of these agreements are also subject to increases for operating escalation charges.

The minimum total annual commitments by year and in the aggregate at June 30, 2020 are approximately as follows:

<u>Year Ending June 30.</u>	
2021	\$918,000
2022	884,000
2023	875,000
2024	927,000
2025	954,000
Thereafter, through June 30, 2031	<u>3,808,000</u>
Total	<u>\$8,366,000</u>

Total expense under these agreements for the years ended June 30, 2020 and 2019 totaled \$1,064,275 and \$1,053,119, respectively.

The aggregate of the total minimum lease payments is amortized on the straight-line method over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of the lease has been included in "Deferred rent" in the accompanying statements of financial position.

TDF has a contingent liability under a standby letter of credit, in the amount of \$86,443, issued in lieu of a cash security deposit with respect to its office lease.

- b - The compensation and benefits of TDF's box office personnel have been determined by collective bargaining with the Treasurers and Ticket Sellers Union Local 751 under an agreement with a term that ended August 31, 2020. Renewal of this agreement is in process. The terms specify provisions for pension, welfare, and annuity benefits (Note 11c) as well as annual increases in wages. For both the years ended June 30, 2020 and 2019, approximately 34% of TDF's compensation and benefits was paid under these terms.
- c - Government supported programs are subject to audit by the respective government agencies.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 11 - Employee Benefit Plansa - Pension Plan

TDF maintains a defined benefit pension plan which covered substantially all of its employees. The benefits are based on years of service and the employee's compensation during the last five years of employment. Effective June 30, 2009, TDF elected a plan curtailment to freeze benefit accruals as of that date. As a result, no new participants are eligible for the plan and future salary increases, as well as additional years of service, have no effect on the employee benefit. Since the election of plan curtailment, TDF has commenced and canceled the process of terminating the plan. As of June 30, 2020, the plan curtailment remains in effect, and no termination was in process.

TDF is required to recognize the funded status of the pension plan, measured as the difference between the fair value of plan assets and the projected benefit obligation, in the statement of financial position. In addition to recognizing net periodic pension cost as an operating expense (\$144,933 for 2020 and \$52,958 for 2019), other changes in the funded status (including actual plan asset gains and losses, and other costs or credits that arise during the period but are not part of net periodic benefit cost) are required to be recognized as a separate line item, apart from expenses, in the statement of activities as a decrease in net assets of \$621,420 (2020) and \$159,002 (2019).

Obligations and funded status at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Benefit obligation	\$(6,810,465)	\$(6,412,054)
Plan assets at fair value	<u>4,726,809</u>	<u>5,020,970</u>
Funded Status	<u>\$(2,083,656)</u>	<u>\$(1,391,084)</u>
Accumulated benefit obligation	<u>\$ 6,810,465</u>	<u>\$ 6,412,054</u>
Employer contributions	<u>\$ 73,781</u>	<u>\$ 51,980</u>
Plan participant contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 293,800</u>	<u>\$ 289,858</u>
Settlements paid	<u>\$ 249,982</u>	<u>\$ -</u>

Amounts recognized in the statements of financial position at June 30, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Accrued pension expense - noncurrent	<u>\$(2,083,656)</u>	<u>\$(1,391,084)</u>

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 11 - Employee Benefit Plans (continued)a - Pension Plan (continued)

Amounts recognized in the statements of activities for the years ended June 30, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Net gain (net of settlements)	\$742,082	\$254,921
Prior service cost	-	-
Amortization of net loss	(119,007)	(94,264)
Amortization of prior service cost	<u>(1,655)</u>	<u>(1,655)</u>
Total pension related changes other than periodic pension cost	621,420	159,002
Net periodic pension cost	<u>144,933</u>	<u>52,958</u>
	<u>\$766,353</u>	<u>\$211,960</u>

Other changes in plan assets and benefit obligations previously recognized in changes in net assets without donor restrictions during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Net gain	\$2,089,673	\$1,466,598
Prior service cost	<u>7,599</u>	<u>9,254</u>
Amounts previously recognized in net assets without donor restrictions, not yet recognized as periodic pension cost at June 30	<u>\$2,097,272</u>	<u>\$1,475,852</u>

The estimated net loss for the defined benefit pension plan that will be amortized from changes in net assets without donor restrictions into net periodic benefit cost over the next fiscal year is \$159,685. No prior service cost will be amortized over the next fiscal year.

The following weighted-average assumptions were used to determine benefit obligations at June 30:

	<u>2020</u>	<u>2019</u>
Discount rate	2.45%	3.40%
Rate of compensation increase	N/A	N/A

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 11 - Employee Benefit Plans (continued)a - Pension Plan (continued)

The following weighted-average assumptions were used to determine net periodic benefit cost for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Discount rate	3.40%	4.00%
Expected long-term return on plan assets	6.00%	6.50%
Rate of compensation increase	N/A	N/A

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

The percentage of the fair value of total plan assets, all of which are Level 1 assets within the fair value hierarchy, held as of June 30 (the measurement date) by asset category is as follows:

	<u>2020</u>	<u>2019</u>
Equity securities	52%	50%
Debt securities	46%	48%
Real estate	<u>2%</u>	<u>2%</u>
Total	<u>100%</u>	<u>100%</u>

The investment strategy for this plan is to invest for the long-term, using diversified, liquid investment options.

Contributions to the pension plan for the year ended June 30, 2021 are expected to be \$54,387. No plan assets are expected to be returned to TDF during the year ended June 30, 2021.

As of June 30, 2020, the amount of benefits expected to be paid are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 540,000
2022	760,000
2023	720,000
2024	350,000
2025	570,000
2026-2030	2,190,000

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 11 - Employee Benefit Plans (continued)****a - Pension Plan (continued)**

In the event of completion of a plan termination, TDF would be required to make a lump-sum payment of an amount representing the difference between the plan assets on the final distribution date and the cost of present value of the plan benefits as of that same date.

b - Defined Contribution Plans

TDF participates in a tax deferred annuity plan for all eligible employees. After one year of service, TDF matches an eligible employee's contribution up to 4.5% of the employee's compensation. Total contributions by TDF to the plan for the years ended June 30, 2020 and 2019 were \$155,395 and \$169,201, respectively.

TDF also maintains a defined contribution plan, where TDF makes a discretionary contribution to the plan based on compensation for all non-union employees. Total contributions to the plan for the years ended June 30, 2020 and 2019 were \$133,711 and \$143,016, respectively.

c - Union Benefits

TDF makes payments for pension, health, and annuity benefits under a collective bargaining agreement (Note 10b). During the years ended June 30, 2020 and 2019, total pension (Note 11d), health and annuity expense under this agreement was \$616,024 (2020) and \$835,120 (2019).

d - Multiemployer Defined Benefit Pension Plan

TDF contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risk of participating in a multiemployer plan is different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If TDF chooses to stop participating in its multiemployer plan, TDF may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 11 - Employee Benefit Plans (continued)**d - Multiemployer Defined Benefit Pension Plan (continued)**

TDF's participation in this plan, which comprises greater than 5% of the total plan for the fiscal years ended June 30, 2020 and 2019 is outlined below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan's year-end at August 31, 2019 and 2018, respectively. The zone status is based on information that TDF received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plans are subject.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status Pending Implementation</u>	<u>Contributions of TDF</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
		<u>2019</u>	<u>2018</u>		<u>2020</u>	<u>2019</u>		
Treasurers and Ticket Sellers Local 751 Pension Plan	13-6164776/001	Green	Green	N/A	<u>\$152,506</u>	<u>\$209,294</u>	No	In Negotiations

Note 12 - Risks and Uncertainties

In March 2020, the COVID-19 pandemic was declared a national emergency. As a result, all live theatrical performances were suspended at the direction of state and local governmental authorities and in accordance with guidance issued by federal agencies. As a result of the suspended performances, TDF has suspended most of its programming. TDF also had to cancel its fiscal year 2020 fundraising benefit event.

While management is currently evaluating the potential impact that the continuing global pandemic and related economic uncertainties may have on TDF, it has taken steps to mitigate the impact by migrating some programmatic offerings to online operation, instituting across-the-board budget cuts, and reducing staff via both furloughs and permanent layoffs. Donors to TDF's cancelled fundraising benefit event converted payments made for the event totaling \$370,430 to contributions for general operating support, included in grants and contributions in the accompanying statement of activities. TDF also obtained a loan under the federal Paycheck Protection Program established by the CARES Act, undertook a special fundraising campaign, and has available for its use funds from its Board Designated Reserve Fund.

With these steps, and rigorous ongoing oversight, management believes that its current financial assets are sufficient to support TDF's operations on an ongoing basis.