

Theatre Development Fund, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

Theatre Development Fund, Inc.
June 30, 2022 and 2021

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Independent Auditor's Report

Board of Trustees
Theatre Development Fund, Inc.
New York, New York

Opinion

We have audited the financial statements of Theatre Development Fund, Inc., which comprise the statement of financial position as of June 30, 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 Theatre Development Fund, Inc. 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). 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 Theatre Development Fund, Inc. 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.

Prior Year Audited by Other Auditors

The 2021 financial statements, before they were revised for the matters discussed in *Note 1*, were audited by other auditors, whose unmodified report on those statements thereon, dated December 2, 2021, included an emphasis of matter paragraph that described the effect of COVID-19 on its programs. Our opinion is not modified with respect to these matters.

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 Theatre Development Fund, Inc.'s ability to continue as a going concern within one year after the date that these 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 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, 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 Theatre Development Fund, Inc.'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 Theatre Development Fund, Inc.'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.

FORVIS, LLP

New York, New York
November 15, 2022

Theatre Development Fund, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 3,001,742	\$ 3,064,222
Accounts receivable (net of allowance for doubtful accounts of \$0 and \$3,500 in 2022 and 2021, respectively)	159,473	170,664
Contributions receivable, net	494,644	250,900
Employee retention credit receivable	802,200	-
Investments	4,825,805	6,853,331
Prepaid expenses and other assets	291,986	209,939
Property and equipment, net	1,078,661	1,170,225
Total assets	\$ 10,654,511	\$ 11,719,281
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 726,030	\$ 639,138
Due to theatres	536,019	37,841
Deferred revenues	174,032	53,239
Gift and credit redemptions outstanding	976,427	774,125
Loan payable	-	1,990,000
Accrued pension liability	806,098	1,101,005
Deferred rent	1,022,162	723,333
Total liabilities	4,240,768	5,318,681
Net Assets		
Without donor restrictions	5,293,688	5,395,955
With donor restrictions	1,120,055	1,004,645
Total net assets	6,413,743	6,400,600
Total liabilities and net assets	\$ 10,654,511	\$ 11,719,281

Theatre Development Fund, Inc.

Statement of Activities Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
TKTS service and handling charges	\$ 1,947,246	\$ -	\$ 1,947,246
Ticket distribution service and handling charges	1,794,249	-	1,794,249
Memberships	1,514,361	-	1,514,361
Costume collection rental income	667,393	-	667,393
Grants and contributions	2,364,298	516,410	2,880,708
Contributed nonfinancial assets	38,350	-	38,350
Employee retention credit	802,200	-	802,200
Net investment return	(614,763)	-	(614,763)
Other income	390,773	-	390,773
Loan forgiveness	1,990,000	-	1,990,000
Net assets released from restrictions	401,000	(401,000)	-
	<u>11,295,107</u>	<u>115,410</u>	<u>11,410,517</u>
Expenses			
Program services			
TKTS by TDF	2,170,487	-	2,170,487
TDF Membership Program	1,903,150	-	1,903,150
TDF Schools and Community Engagement	1,272,954	-	1,272,954
TDF Accessibility Programs	1,155,815	-	1,155,815
Costume Collection	1,177,791	-	1,177,791
Digital Strategy & Journalism	709,686	-	709,686
Outreach and Public Relations	581,518	-	581,518
Audience Research	171,286	-	171,286
	<u>9,142,687</u>	<u>-</u>	<u>9,142,687</u>
Administration			
Fundraising	1,150,068	-	1,150,068
	<u>1,367,983</u>	<u>-</u>	<u>1,367,983</u>
Total supporting services			
	<u>2,518,051</u>	<u>-</u>	<u>2,518,051</u>
Total expenses			
	<u>11,660,738</u>	<u>-</u>	<u>11,660,738</u>
Change in Net Assets from Operations	(365,631)	115,410	(250,221)
Nonoperating Activity			
Pension-related changes other than periodic pension cost	263,364	-	263,364
	<u>263,364</u>	<u>-</u>	<u>263,364</u>
Change in Net Assets	(102,267)	115,410	13,143
Net Assets, Beginning of Year	<u>5,395,955</u>	<u>1,004,645</u>	<u>6,400,600</u>
Net Assets, End of Year	<u>\$ 5,293,688</u>	<u>\$ 1,120,055</u>	<u>\$ 6,413,743</u>

Theatre Development Fund, Inc.

Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Ticket distribution service and handling charges	\$ 38,524	\$ -	\$ 38,524
Memberships	1,472,495	-	1,472,495
Costume collection rental income	210,800	-	210,800
Grants and contributions	2,089,443	286,717	2,376,160
Contributed nonfinancial assets	45,083	-	45,083
Net investment return	1,483,759	-	1,483,759
Other income	178,234	-	178,234
Loan forgiveness	2,043,780	-	2,043,780
Net assets released from restrictions	143,600	(143,600)	-
	<u>7,705,718</u>	<u>143,117</u>	<u>7,848,835</u>
Total revenues, gains, and other support			
Expenses			
Program services			
TKTS by TDF	450,059	-	450,059
TDF Membership Program	1,246,068	-	1,246,068
TDF Schools and Community Engagement	841,484	-	841,484
TDF Accessibility Programs	503,510	-	503,510
Costume Collection	832,772	-	832,772
Digital Strategy & Journalism	482,545	-	482,545
Outreach and Public Relations	307,582	-	307,582
Audience Research	68,033	-	68,033
	<u>4,732,053</u>	<u>-</u>	<u>4,732,053</u>
Total program services			
Administration	1,615,976	-	1,615,976
Fundraising	789,717	-	789,717
	<u>2,405,693</u>	<u>-</u>	<u>2,405,693</u>
Total supporting services			
	<u>7,137,746</u>	<u>-</u>	<u>7,137,746</u>
Total expenses			
	<u>7,137,746</u>	<u>-</u>	<u>7,137,746</u>
	<u>567,972</u>	<u>143,117</u>	<u>711,089</u>
Change in Net Assets from Operations			
Nonoperating Activity			
Pension-related changes other than periodic pension cost	1,087,968	-	1,087,968
	<u>1,087,968</u>	<u>-</u>	<u>1,087,968</u>
	<u>1,655,940</u>	<u>143,117</u>	<u>1,799,057</u>
Change in Net Assets			
Net Assets, Beginning of Year	<u>3,740,015</u>	<u>861,528</u>	<u>4,601,543</u>
Net Assets, End of Year	<u>\$ 5,395,955</u>	<u>\$ 1,004,645</u>	<u>\$ 6,400,600</u>

Theatre Development Fund, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services								
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Digital Strategy & Journalism	Outreach and Public Relations	Audience Research	Total
Salaries	\$ 1,303,411	\$ 821,394	\$ 769,075	\$ 371,427	\$ 355,727	\$ 344,718	\$ 339,605	\$ 104,597	\$ 4,409,954
Payroll taxes and employee benefits	517,358	250,335	158,204	101,672	140,013	129,891	104,653	16,242	1,418,368
	1,820,769	1,071,729	927,279	473,099	495,740	474,609	444,258	120,839	5,828,322
Security and professional fees	9,742	12,674	33,275	68,168	1,970	13,709	362	18,623	158,523
Advertising, marketing, and travel	1,367	536	1,058	2,991	185	4,230	11,252	16	21,635
Office expenses and occupancy	136,294	270,625	82,512	100,578	343,489	51,630	19,544	10,537	1,015,209
Equipment rental, maintenance, and technology	20,032	108,116	12,075	22,293	29,145	74,018	2,982	5,338	273,999
Printing, publications, postage, and shipping	277	19,082	1,520	4,005	20,339	896	1,456	143	47,718
Insurance	30,352	18,092	3,878	5,063	44,715	2,858	925	790	106,673
Ticket purchases	-	-	190,969	368,968	-	-	-	-	559,937
Subsidy expense	-	144,305	-	-	-	-	-	-	144,305
Costume cleaning and related expenses	-	-	-	-	137,698	-	-	-	137,698
Credit card fees	47,360	206,372	-	10,909	51,575	-	-	-	316,216
Grants	-	-	-	87,000	-	-	-	-	87,000
Leagues' Special Projects	-	-	-	-	-	70,000	80,000	15,000	165,000
Miscellaneous	8,006	20,538	14,903	7,256	502	4,024	14,340	-	69,569
Total expenses before depreciation	2,074,199	1,872,069	1,267,469	1,150,330	1,125,358	695,974	575,119	171,286	8,931,804
Depreciation expense	96,288	31,081	5,485	5,485	52,433	13,712	6,399	-	210,883
Total expenses	<u>\$ 2,170,487</u>	<u>\$ 1,903,150</u>	<u>\$ 1,272,954</u>	<u>\$ 1,155,815</u>	<u>\$ 1,177,791</u>	<u>\$ 709,686</u>	<u>\$ 581,518</u>	<u>\$ 171,286</u>	<u>\$ 9,142,687</u>

Theatre Development Fund, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022 (Continued)

	Supporting Services			Total
	Administration	Fundraising	Total	
Salaries	\$ 246,830	\$ 699,481	\$ 946,311	\$ 5,356,265
Payroll taxes and employee benefits	197,870	172,612	370,482	1,788,850
	444,700	872,093	1,316,793	7,145,115
Security and professional fees	138,143	100,041	238,184	396,707
Advertising, marketing, and travel	16,220	14,175	30,395	52,030
Office expenses and occupancy	398,536	51,544	450,080	1,465,289
Equipment rental, maintenance, and technology	72,333	34,662	106,995	380,994
Printing, publications, postage, and shipping	8,095	55,006	63,101	110,819
Insurance	25,223	2,858	28,081	134,754
Ticket purchases	-	-	-	559,937
Subsidy expense	-	-	-	144,305
Costume cleaning and related expenses	-	-	-	137,698
Credit card fees	9,924	110,838	120,762	436,978
Grants	-	-	-	87,000
Leagues' Special Projects	1,230	-	1,230	166,230
Miscellaneous	26,523	111,226	137,749	207,318
Total expenses before depreciation	1,140,927	1,352,443	2,493,370	11,425,174
Depreciation expense	9,141	15,540	24,681	235,564
Total expenses	<u>\$ 1,150,068</u>	<u>\$ 1,367,983</u>	<u>\$ 2,518,051</u>	<u>\$ 11,660,738</u>

Theatre Development Fund, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services								Total
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Digital Strategy & Journalism	Outreach and Public Relations	Audience Research	
Salaries	\$ 61,707	\$ 455,674	\$ 505,488	\$ 186,187	\$ 187,205	\$ 237,583	\$ 183,968	\$ 37,426	\$ 1,855,238
Payroll taxes and employee benefits	81,181	257,717	151,947	105,091	119,061	102,011	63,551	4,149	884,708
	142,888	713,391	657,435	291,278	306,266	339,594	247,519	41,575	2,739,946
Security and professional fees	2,829	9,697	28,283	16,489	1,543	10,389	324	18,132	87,686
Advertising, marketing, and travel	49	977	264	231	147	1,349	5,782	48	8,847
Office expenses and occupancy	167,844	205,408	98,357	98,400	326,254	43,404	16,724	3,208	959,599
Equipment rental, maintenance, and technology	10,505	86,844	18,076	17,448	17,477	54,825	2,578	4,264	212,017
Printing, publications, postage, and shipping	570	39,789	153	153	12,768	-	775	-	54,208
Insurance	27,832	15,855	5,355	5,355	42,267	2,669	857	745	100,935
Ticket purchases	-	-	21,044	60,886	-	-	-	-	81,930
Costume cleaning and related expenses	-	-	-	-	67,759	-	-	-	67,759
Credit card fees	-	59,544	-	-	-	-	-	-	59,544
Leagues' Special Projects	-	-	-	-	-	-	10,000	-	10,000
Miscellaneous	1,254	45,848	391	1,144	323	-	8,876	61	57,897
Total expenses before depreciation	353,771	1,177,353	829,358	491,384	774,804	452,230	293,435	68,033	4,440,368
Depreciation expense	96,288	68,715	12,126	12,126	57,968	30,315	14,147	-	291,685
Total expenses	\$ 450,059	\$ 1,246,068	\$ 841,484	\$ 503,510	\$ 832,772	\$ 482,545	\$ 307,582	\$ 68,033	\$ 4,732,053

Theatre Development Fund, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021 (Continued)

	Supporting Services			Total
	Administration	Fundraising	Total	
Salaries	\$ 549,830	\$ 376,198	\$ 926,028	\$ 2,781,266
Payroll taxes and employee benefits	358,507	120,670	479,177	1,363,885
	908,337	496,868	1,405,205	4,145,151
Security and professional fees	152,647	95,000	247,647	335,333
Advertising, marketing, and travel	1,634	27,108	28,742	37,589
Office expenses and occupancy	304,540	42,593	347,133	1,306,732
Equipment rental, maintenance, and technology	61,861	22,660	84,521	296,538
Printing, publications, postage, and shipping	2,474	14,563	17,037	71,245
Insurance	22,791	2,669	25,460	126,395
Ticket purchases	-	-	-	81,930
Costume cleaning and related expenses	-	-	-	67,759
Credit card fees	1,115	18,052	19,167	78,711
Leagues' Special Projects	125,670	-	125,670	135,670
Miscellaneous	14,697	35,846	50,543	108,440
Total expenses before depreciation	1,595,766	755,359	2,351,125	6,791,493
Depreciation expense	20,210	34,358	54,568	346,253
Total expenses	<u>\$ 1,615,976</u>	<u>\$ 789,717</u>	<u>\$ 2,405,693</u>	<u>\$ 7,137,746</u>

Theatre Development Fund, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 13,143	\$ 1,799,057
Items not requiring (providing) operating cash flows		
Depreciation	235,564	346,253
Pension other than periodic pension cost	(263,364)	(1,087,968)
Gain on loan forgiveness	(1,990,000)	(2,043,780)
Contributions restricted to endowment	-	(2,000)
Net realized and unrealized (gains) losses on investments	686,700	(1,410,819)
Changes in		
Accounts receivable	11,191	219,769
Contributions receivable	(243,744)	287,770
Other receivables	(802,200)	-
Prepaid expenses and other assets	(82,047)	(24,969)
Accounts payable and accrued expenses	86,892	182,307
Due to theatres	498,178	37,588
Deferred revenue	120,793	(14,671)
Gift certificate liability	202,302	112,995
Accrued pension liability	(31,543)	105,317
Deferred rent	298,829	48,412
	(1,259,306)	(1,444,739)
Investing Activities		
Purchase of property and equipment	(144,000)	-
Proceeds from sale of investments	5,025,066	3,245,869
Purchases of investments	(3,684,240)	(3,048,810)
	1,196,826	197,059
Financing Activities		
Proceeds from contributions restricted to endowment	-	25,000
Proceeds from loan payable	-	1,990,000
	-	2,015,000
Net Change in Cash and Cash Equivalents	(62,480)	767,320
Cash and Cash Equivalents, Beginning of Year	3,064,222	2,296,902
Cash and Cash Equivalents, End of Year	\$ 3,001,742	\$ 3,064,222

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 1: Nature of Entity and Summary of Significant Accounting Policies

Nature of Entity

Theatre Development Fund, Inc. (“TDF” or the “Organization”), 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 typically 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, and changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

TDF considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts with banks.

During the normal course of business, TDF’s cash accounts periodically exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which TDF has an unconditional right to receive. TDF provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Investments and Net Investment Return

TDF measures securities at fair value.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over \$3,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture, computers, and equipment	3-5 years
Leasehold improvements	Life of lease
Website software application costs	3 years

Costume Collection

The costume collection is not capitalized in as much as the items are cared for continuously. TDF's collection consists of donated costumes, 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 throughout the U.S. TDF has a policy to use proceeds from deaccessioned items for direct care of existing collections, which is cleaning, repair, and storage within appropriate conditions. No collection items were sold or removed in 2022 or 2021.

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

Due to Theatres

Due to Theatres consists of ticket sale amounts collected by TDF that have not yet been remitted to theatres as of year-end.

Contract Liabilities

Contract liabilities represent TDF's obligation to transfer goods or services to a customer when consideration has already been received from the customer. Contract liabilities are included as deferred revenue on the statements of financial position and are from service and handling charges related to tickets recognized over the periods to which the fees relate.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Gift and Credit Redemptions Outstanding

TDF sells gift certificates for use at TKTS Theatre Centers, gift cards for use through the TDF membership program, and also issues credits to participants of certain programs including students in TDF's Wendy Wasserstein Program. TDF continues to monitor redemptions outstanding, in consideration of all relevant state and local laws.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Ticket Sale Service and Handling Charges and Costume Collection Rental Income

TDF has multiple revenue streams that are accounted for as exchange transactions, including service and handling charges from ticket sales and costume collection rental income. Revenue is recognized as TDF satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount to which TDF expects to be entitled in exchange for providing services. TDF determines the transaction price based on standard charges for services provided, reduced by implicit and explicit price concessions. TDF determines its estimates of implicit and explicit price concessions in alignment with TDF's mission. These concessions are based upon contractual agreements, TDF's discount policies, and historical experience.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as TDF meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments may be required.

Employee Retention Credit

During the year ended June 30, 2022, TDF participated in the Federal Government's Employee Retention Credits (ERC) pandemic funding support program. The amount claimed of \$802,200 is included in grants and contributions on the statement of activities. The amount is outstanding at June 30, 2022, and is included as employee retention credit receivable on the statement of financial position.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge TDF's claim to the employee retention credit, and it is not possible to determine the impact this would have on TDF.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law, and has been designated as an organization which is not a private foundation.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the separate statement of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. A substantial portion of TDF's expenses are directly related to program activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on hours worked, square footage of space used, and other methods.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements note disclosures to correct the presentation of cash and cash equivalents within the fair value disclosures in *Note 4*, and to include the disclosure of revenue from contracts with customers in *Note 10* that was substantially excluded. These revisions did not have a significant impact on the financial statements.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Change in Accounting Principle

In 2022, TDF, adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 110,644	\$ 229,500	\$ 340,144
Due within one to five years	-	154,500	154,500
	110,644	384,000	494,644
Less			
Unamortized discount	-	-	-
	<u>\$ 110,644</u>	<u>\$ 384,000</u>	<u>\$ 494,644</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 117,900	\$ 110,000	\$ 227,900
Due within one to five years	-	25,000	25,000
	117,900	135,000	252,900
Less			
Unamortized discount	-	(2,000)	(2,000)
	<u>\$ 117,900</u>	<u>\$ 133,000</u>	<u>\$ 250,900</u>

The discount rate was 3% in 2021. Management has determined that all amounts are collectible, and therefore no allowance for doubtful accounts has been recorded as of June 30, 2022 and 2021.

Note 4: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Mutual funds				
Equities	\$ 3,133,388	\$ 3,133,388	\$ -	\$ -
Fixed income	575,134	575,134	-	-
Fixed income				
U.S. government obligations	337,809	337,809	-	-
Corporate	475,708	475,708	-	-
Total investments reported on the fair value hierarchy	4,522,039	\$ 4,522,039	\$ -	\$ -
Cash and cash equivalents	303,766			
Total investments	\$ 4,825,805			

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Mutual funds				
Equities	\$ 4,806,687	\$ 4,806,687	\$ -	\$ -
Fixed income	610,137	610,137	-	-
Fixed income				
U.S. government obligations	380,637	380,637	-	-
Corporate	575,981	575,981	-	-
Total investments reported on the fair value hierarchy	6,373,442	\$ 6,373,442	\$ -	\$ -
Cash and cash equivalents	479,889			
Total investments	\$ 6,853,331			

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. Other than the item noted in the revision disclosure in *Note 1*, there have been no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 5: Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of:

	<u>2022</u>	<u>2021</u>
Furniture, computers, and equipment	\$ 232,050	\$ 232,038
Leasehold improvements	2,665,072	2,665,071
Website and software application costs	<u>1,022,192</u>	<u>878,192</u>
	3,919,314	3,775,301
Less accumulated depreciation and amortization	<u>(2,840,653)</u>	<u>(2,605,076)</u>
	<u>\$ 1,078,661</u>	<u>\$ 1,170,225</u>

Note 6: Loan Payable

On December 27, 2020, the *Consolidated Appropriations Act of 2021* was signed into law and, among other things, established a new “Second Draw” Paycheck Protection Program. The Organization received a PPP loan of \$1,990,000 on January 27, 2021 pursuant to the Paycheck Protection Program Second Draw. The loan was due in five years from the date of the first disbursement and had a fixed interest rate of 1% per year. During the year ended June 30, 2022, the loan was forgiven, and the full amount of \$1,990,000 was recognized as income.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 7: Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Use of building	\$ 28,750	\$ 9,583
Advocacy and grant writing services	-	35,500
Donated tickets	<u>9,600</u>	<u>-</u>
	<u>\$ 38,350</u>	<u>\$ 45,083</u>

Use of Building

The use of building is used for the costume collection program. In valuing the contributed building, which is located in Astoria, Queens, TDF estimated the fair value on the basis of recent comparable rental prices in Astoria's real estate market.

Advocacy and Grant Writing Services

The advocacy and grant writing is used for fundraising. In valuing the contributed services, TDF estimated the fair value on the basis of recent hourly rates charged by similar vendors.

Tickets

Contributed tickets are used for TDF Schools and Community Engagement Programs. In valuing the contributed tickets TDF estimated the fair value on the face value of actual tickets donated.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 8: Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Theatre accessibility programs	\$ 125,000	\$ 48,000
Costume library	127,035	127,035
Theatre education program	186,020	203,610
Promises to give, the proceeds from which have been restricted by donors for		
Theatre accessibility programs	249,000	198,000
Theatre education	-	25,000
	<u>687,055</u>	<u>601,645</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>135,000</u>	<u>105,000</u>
	<u>135,000</u>	<u>105,000</u>
Endowments		
Not subject to spending policy or appropriation		
Required to be maintained in perpetuity by donor		
Theatre education program	<u>298,000</u>	<u>298,000</u>
	<u>\$ 1,120,055</u>	<u>\$ 1,004,645</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 105,000	\$ 66,000
Satisfaction of purpose restrictions	<u>296,000</u>	<u>77,600</u>
	<u>\$ 401,000</u>	<u>\$ 143,600</u>

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 19,110	\$ (2,922,112)
TDF Activity/Leagues' special projects (A)	176,210	1,037,771
Board designated reserve (B)	4,825,805	7,353,331
Net investment in property and equipment	1,078,661	1,027,970
Related to accrued pension expense	<u>(806,098)</u>	<u>(1,101,005)</u>
Net assets without donor restrictions	<u>\$ 5,293,688</u>	<u>\$ 5,395,955</u>

- (A) TDF Activity/Leagues special projects represents the revenue derived from a portion of the service charge of the Theatre Centres that is to be used for TDF program activities and for League projects that are mutually agreed on by TDF and the Broadway League, or the League of Off-Broadway Theatres and Producers. These projects are administered by TDF. These revenues and expenses are reported as part of TDF's operating activities.
- (B) The board designated reserve is primarily held available to support various TDF programs in the event of extraordinary circumstances and may not be used without the express approval of the Board of Trustees. 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 fair value of the reserve based on a rolling 16-quarter average fair market value. Appropriations during the years ended June 30, 2022 and 2021, were \$305,000 and \$261,000, respectively.

During the year ended June 30, 2022 TDF transferred \$1,000,000 from the board-designated reserve fund for general operating purposes.

Note 9: Endowment

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 multi-year campaign with a goal currently set at \$3 million. Through June 30, 2022, TDF received \$298,000 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 GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body is subject to the *State of New York's Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, TDF did not earn or appropriate any income for expenditure.

The composition of net assets by type of endowment fund at June 30, 2022 and 2021 was:

	<u>With Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ 298,000</u>	<u>\$ 298,000</u>

Change in endowment net assets for the years ended June 30, 2022 and 2021 were:

	<u>With Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 298,000	\$ 296,000
Investment return, net	-	-
Contributions	-	2,000
Appropriation of endowment assets for expenditures	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 298,000</u>	<u>\$ 298,000</u>

Note 10: Revenue from Contracts with Customers

Ticket Sale Service and Handling Charges

Revenue for ticket sale service charges is reported at the amount that reflects the consideration to which TDF expects to be entitled. These amounts are due from individuals. Amounts are not refunded once performances begin.

Revenue is recognized as performance obligations are satisfied, which is at the time of the performance.

Costume Collection Rental Income

Revenue from contracts with customers for costume rentals is reported at the amount that reflects the consideration to which TDF expects to be entitled in exchange for providing costume rentals to organizations. These amounts include variable consideration for discounts based on organization type. Refunds are not provided.

Rentals are generally short-term, and revenue is recognized as performance obligations are satisfied, which is ratably over the term of the rental.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Transaction Price and Recognition

TDF determines service and handling charges, along with costume collection rental rates, based on standard charges for goods and services provided, reduced by discounts provided in accordance with TDF's mission. TDF determines its estimate of implicit price concessions based on its historical collection experience with this class of customers. Payment for ticket sale service charges is due in advance, and payment for costume rentals are due at time of rental.

From time to time, TDF will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2022 and 2021, TDF did not have a liability for refunds.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended June 30, 2022 and 2021, no additional revenue was recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

TDF has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, individuals, organizations, and others) that have different payment methodologies
- TDF's line of business that provided the service

For the years ended June 30, 2022 and 2021, TDF recognized revenue of \$906,812 and \$273,294, respectively, from goods and services that transfer to the customer over time and \$3,740,558 and \$38,524, respectively, from goods and services that transfer to the customer at a point in time.

Contract Balances

The following table provides information about TDF's receivables and contract liabilities from contracts with customers:

	<u>2022</u>	<u>2021</u>
Accounts receivable, beginning of the year	\$ 96,818	\$ 94,838
Accounts receivable, end of the year	103,017	96,818
Contract liabilities, beginning of the year	53,239	85,433
Contract liabilities, end of the year	174,032	53,239

Gift card liabilities may also have components recognized as contract liabilities, however, this balance also includes amounts held as agent until redeemed by the customer.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 11: Operating Leases

Noncancellable operating lease for office and storage space expiring in various years through 2031. These leases generally contain renewal options. Space for ticket centers operate under various leases and license agreements.

Future minimum lease payments at June 30, 2022 were:

2023	\$	814,000
2024		865,000
2025		893,000
2026		909,000
2027		838,000
Thereafter		<u>1,808,000</u>
	\$	<u>6,127,000</u>

Rent expense for the years ended June 30, 2022 and 2021 was \$888,213 and \$979,849, respectively.

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.

Note 12: Pension and Other Postretirement Benefit Plans

Defined Contribution Plan

TDF has a defined contribution plan covering substantially all eligible employees. After one year of service, TDF matches an eligible employee's contribution up to 4.5% of the employee's compensation. Contribution expense was \$141,284 and \$82,794 for the years ended June 30, 2022 and 2021, respectively.

TDF also maintains a defined contribution plan for all non-union employees. The Board of Trustees annually determines the amount, if any, of TDF's contributions to the plan. Contribution expense was \$116,641 and \$70,517 for the years ended June 30, 2022 and 2021, respectively.

Defined Benefit Plan

The Organization has a noncontributory defined benefit pension plan covering substantially all employees who meet the eligibility requirements. TDF's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as TDF may determine to be appropriate from time to time. The Plan was amended to freeze all benefits effective June 30, 2009. TDF does not expect to contribute to the plan in 2023.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

The Organization uses a June 30 measurement date for the plan. Information about the plan's funded status follows:

	Pension Benefits	
	2022	2021
Benefit obligation	\$ (5,069,148)	\$ (6,434,855)
Fair value of plan assets	<u>4,263,050</u>	<u>5,333,850</u>
Funded status	<u>\$ (806,098)</u>	<u>\$ (1,101,005)</u>

Liabilities recognized in the statements of financial position:

	Pension Benefits	
	2022	2021
Pension plan liability	<u>\$ (806,098)</u>	<u>\$ (1,101,005)</u>

Amounts recognized in the change in net assets not yet recognized as components of net periodic benefit cost consist of:

	Pension Benefits	
	2022	2021
Net gain (loss)	\$ (200,934)	\$ (873,129)
Amortization of net gain (loss)	(60,775)	(213,184)
Amortization of prior service cost	<u>(1,655)</u>	<u>(1,655)</u>
	<u>\$ (263,364)</u>	<u>\$ (1,087,968)</u>

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	June 30	
	2022	2021
Accumulated benefit obligation	<u>\$ 5,069,148</u>	<u>\$ 6,434,855</u>
Fair value of plan assets	<u>\$ 4,263,050</u>	<u>\$ 5,333,850</u>

Other significant balances and costs are:

	Pension Benefits	
	2022	2021
Employer contributions	\$ 803	\$ 54,368
Participant contributions	-	-
Benefits paid	463,568	374,491
Net periodic benefit costs (credit)	(30,740)	159,685

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

The components of net periodic benefit cost (credit) other than the service cost component were \$(30,740) and \$(159,685) for the years ended June 30, 2022 and 2021, respectively, and are included in the line item payroll taxes and employee benefits on the statements of functional expenses.

Other changes in plan assets and benefit obligations recognized in change in net assets:

	Pension Benefits	
	2022	2021
Amounts arising during the period		
Net (gain) loss	\$ (93,170)	\$ (55,154)
Net prior service cost (credit)	\$ -	\$ -
Amounts reclassified as components of net periodic benefit cost of the period		
Net gain (loss)	\$ 60,775	\$ 213,184
Net prior service cost (credit)	\$ 1,655	\$ 1,655

Significant gains and losses related to changes in the defined benefit obligation for the years ended June 30, 2022 and 2021, were due to changes in the discount rate.

Significant assumptions include:

	2022	2021
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.50%	2.55%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit costs:		
Discount rate	2.55%	2.45%
Expected return on plan assets	5.50%	5.50%
Rate of compensation increase	N/A	N/A

TDF has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

TDF's overall investment strategy is to achieve long-term growth with a wide diversification of asset types, fund strategies and fund managers. The target asset allocation percentages for 2022 and 2021 are as follows:

	Pension Benefits	
	2021	2020
	<i>Not to Exceed</i>	
Equity securities	49%	49%
Debt securities	45%	45%
Real estate	6%	6%
	<u>100%</u>	<u>100%</u>

Equity securities primarily include investments in large-cap, midcap and small-cap companies primarily located in the United States. Fixed-income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include investments in hedge funds and private equity funds that follow several different strategies.

Pension Plan Assets

The following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equities, fixed income, and real estate funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There are no investments considered to be Level 2 or Level 3.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

The fair values of the TDF's pension plan assets at June 30, 2022 and 2021, by asset class, are as follows:

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Mutual funds				
Large-cap	\$ 1,197,559	\$ 1,197,559	\$ -	\$ -
Small/Mid-Cap	203,428	203,428	-	-
International	586,314	586,314	-	-
Fixed income	1,923,078	1,923,078	-	-
Real estate fund	352,671	352,671	-	-
Total	<u>\$ 4,263,050</u>	<u>\$ 4,263,050</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Mutual funds				
Large-cap	\$ 1,585,618	\$ 1,585,618	\$ -	\$ -
Small/Mid-Cap	266,187	266,187	-	-
International	758,003	758,003	-	-
Fixed income	2,398,508	2,398,508	-	-
Real estate fund	325,534	325,534	-	-
Total	<u>\$ 5,333,850</u>	<u>\$ 5,333,850</u>	<u>\$ -</u>	<u>\$ -</u>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2022:

2023	\$ 810,000
2024	350,000
2025	530,000
2026	500,000
2027	310,000
2028-2032	1,900,000

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Multiemployer Pension Plan

TDF contributes to a multiemployer defined benefit pension plan under the terms of collective bargaining agreement that cover its union-represented employees. The risks of participating in these multiemployer plans are 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 some of its multiemployer plans, TDF may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization’s participation in these plans for the annual periods ended June 30, 2022 and 2021 is outlined in the table below.

- The “EIN/Pension Plan Number” column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable.
- Unless otherwise noted, the most recent *Pension Protection Act* (PPA) zone status available in 2022 and 2021 is for the plan’s year-end at August 30, 2021 and 2020, respectively.
- The zone status is based on information the Organization received from the plan and is certified by the plan’s actuary. Among other factors, plans in the red zone generally are 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) either is pending or has been implemented.
- The last column lists the expiration date of the collective bargaining agreement to which the plans are subject.

The number of employees covered by TDF’s multiemployer plans increased 2021 to 2022, affecting the period-to-period comparability of the contributions for years 2021 and 2022. The significant increase in covered employees corresponded to an increase in overall business.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions of TDF			Surcharge Imposed	Expiration Date of Bargaining Agreement
		2022	2021		2022	2021	2020		
Treasurers and Ticket Sellers Local 751 Pension Plan	13-6164776/001	Green as of 8/30/2021	Green as of 8/30/2020	N/A	\$ 81,471	\$ 1,275	\$ 152,506	No	12/31/2023

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 13: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 3,001,742	\$ 3,064,222
Accounts receivable, net	159,473	130,914
Contributions receivable	494,644	250,900
Employee retention credit receivable	802,200	-
Investments	<u>4,825,805</u>	<u>6,853,331</u>
	9,283,864	10,299,367
Less amounts not available to be used:		
Amounts restricted by donors for specific purposes or periods	(822,055)	(706,645)
Plus amounts with restrictions expected to be met within one year	361,910	328,000
Amounts restricted by donors for endowment	(298,000)	(298,000)
Board designated funds	(4,825,805)	(7,353,331)
Plus amounts appropriated by the board for use within one year	<u>250,000</u>	<u>305,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,949,914</u>	<u>\$ 2,574,391</u>

The board-designated reserve of \$4,825,805 and \$7,353,331 as of June 30, 2022 and 2021, respectively, is subject to board appropriation. Although TDF does not intend to spend from this board-designated reserve (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

TDF manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. TDF has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. TDF has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 60 to 120 days of expected expenditures. To achieve these targets, TDF forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves quarterly. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants and Contributions

Approximately 32% of all grants and contributions were received from two donors in 2022.

Pension Benefit Obligations

TDF has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

TDF invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 15: COVID-19

In March 2020, all live theatrical performances were suspended at the direction of state and local governmental authorities and in accordance with guidance issued by federal agencies. Live theatrical performances were not allowed to resume in most indoor venues until summer 2021. As a result of these measures, most of TDF's programming was suspended. TDF evaluated how to absorb the economic impact of these closures and how best to provide digital programming where possible. From March 2020 through June 30, 2021, TDF reduced expenses by instituting budget cuts and reducing staff through furloughs and layoffs. TDF implemented an emergency fundraising campaign, converted some institutional support from programmatic support to general operating support and successfully navigated education, access and community engagement programs to a virtual format. In addition, TDF instituted a membership renewal campaign and provided online offerings. TDF reopened the Time Square Theatre Center in September 2021. Over the course of fiscal year 2022, TDF resumed a substantial portion of its in-person programming.

In the period spanning April 2020 to June 2022, TDF received two loans under the Payroll Protection Program totaling \$4,033,780, both of which were fully forgiven. TDF expects to receive an additional \$802,200 as part of the ERTC program. In addition, TDF has available for its use funds from its Board Designated Reserve Fund.

Theatre Development Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

With the combination of the steps outlined above, government funds, rigorous ongoing oversight and strategic resumption of programming linked to live performance, management believes that its current financial assets are sufficient to support TDF's operations on an ongoing basis.

Note 16: Subsequent Events

Subsequent events have been evaluated through November 15, 2022, which is the date the financial statements were available to be issued.

Note 17: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board (FASB) amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021 and any interim periods within annual reporting periods that begin after December 15, 2022. TDF is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.