GOODSPEED OPERA HOUSE FOUNDATION, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2022 and 2021
With Independent Auditor's Report

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ADVISORY TAX AUDIT

Goodspeed Opera House Foundation, Inc. and Subsidiary
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Goodspeed Opera House Foundation, Inc. and Subsidiary:

Opinion

We have audited the consolidated financial statements of Goodspeed Opera House Foundation, Inc. (the "Organization") and Goodspeed Restaurant, Inc. (the "Subsidiary"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization and Subsidiary as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 judgement made by a reasonable user based on the consolidated financial statements.

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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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization and Subsidiary'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.

WithumSmith+Brown, PC

May 11, 2023

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 381,012	$ 1,431,847	$ 1,812,859	$ 2,243,855	$ 401,431	$ 2,645,286
Accounts receivable	59,959	-	59,959	17,672	-	17,672
Employee retention tax credit receivable	-	-	-	142,623	-	142,623
Unconditional promises to give	34,500	71,357	105,857	19,870	66,000	85,870
Prepaid expenses	350,782	-	350,782	247,015	-	247,015
Inventory	39,513	-	39,513	39,133	-	39,133
Restricted cash - Shuttered Venue Operators Grant	-	-	-	548,339	-	548,339
Total current assets	865,766	1,503,204	2,368,970	3,258,507	467,431	3,725,938
Investments	13,358,573	5,470,437	18,829,010	13,452,953	7,211,182	20,664,135
Restricted cash	158,550	-	158,550	158,241	-	158,241
Restricted investment	396,254	-	396,254	491,706	-	491,706
Unconditional promises to give, net of current portion	-	25,620	25,620	-	45,161	45,161
Property and equipment, at cost, net of accumulated depreciation	10,384,765	-	10,384,765	10,647,317	-	10,647,317
Total assets	$ 25,163,908	$ 6,999,261	$ 32,163,169	$ 28,008,724	$ 7,723,774	$ 35,732,498
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	$ 907,486	$ -	$ 907,486	$ 530,176	$ -	$ 530,176
Loans payable, current portion	3,918	-	3,918	8,555	-	8,555
Advance subscriptions	1,216,445	-	1,216,445	1,271,171	-	1,271,171
Deferred revenue	12,855	-	12,855	124,536	-	124,536
Gift annuity obligations	-	8,332	8,332	-	8,129	8,129
Unredeemed gift certificates	981,868	-	981,868	1,058,957	-	1,058,957
Deferred compensation plan payable	78,649	-	78,649	18,870	-	18,870
Refundable advance - Shuttered Venue Operators Grant	-	-	-	548,339	-	548,339
PPP2 loan payable	-	-	-	1,283,271	-	1,283,271
Total current liabilities	3,201,221	8,332	3,209,553	4,843,875	8,129	4,852,004
Loans payable, net of current portion	146,082	-	146,082	149,703	-	149,703
Deferred compensation plan payable	317,605	-	317,605	472,836	-	472,836
Gift annuity obligations, net of current portion	-	18,869	18,869	-	25,089	25,089
Total liabilities	3,664,908	27,201	3,692,109	5,466,414	33,218	5,499,632
Net assets						
Without donor restrictions						
Property and equipment, net	10,384,765	-	10,384,765	10,647,317	-	10,647,317
Board designated - general fund	11,114,235	-	11,114,235	11,894,993	-	11,894,993
Total without donor restrictions	21,499,000	-	21,499,000	22,542,310	-	22,542,310
With donor restrictions	-	6,972,060	6,972,060	-	7,690,556	7,690,556
Total net assets	21,499,000	6,972,060	28,471,060	22,542,310	7,690,556	30,232,866
Total liabilities and net assets	$ 25,163,908	$ 6,999,261	$ 32,163,169	$ 28,008,724	$ 7,723,774	$ 35,732,498

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Public support and other revenue						
Public support						
Membership	$ 527,313	$ 889,250	$ 1,416,563	$ 201,216	$ 740,603	$ 941,819
Contributions of financial assets	1,254,220	122,862	1,377,082	787,646	286,642	1,074,288
Government grants	165,584	-	165,584	116,567	-	116,567
Shuttered Venue Operators Grant income	548,339	-	548,339	3,213,351	-	3,213,351
Contributions of non-financial assets	70,242	-	70,242	57,554	-	57,554
Special events, net of direct costs of $65,587 (2022) and $40,158 (2021)	133,548	-	133,548	147,872	-	147,872
Spending appropriations	245,350	-	245,350	234,567	-	234,567
Gift annuities	-	21,725	21,725	-	28,623	28,623
Net assets released from restriction						
Membership	740,603	(740,603)	-	935,396	(935,396)	-
Contributions	286,642	(286,642)	-	38,091	(38,091)	-
Gift annuities	133,655	(133,655)	-	-	-	-
	4,105,496	(127,063)	3,978,433	5,732,260	82,381	5,814,641
Other revenue						
Admission	5,444,779	-	5,444,779	1,249,068	-	1,249,068
Enhancement income	484,401	-	484,401	-	-	-
Rental income	268,413	-	268,413	162,713	-	162,713
Royalties	192,048	-	192,048	109,584	-	109,584
Theatre tours events, net of expenses $337,021 (2022) and $0 (2021)	128,820	-	128,820	-	-	-
Concession, net of cost of goods sold of $58,718 (2022) and $9,512 (2021)	92,391	-	92,391	17,245	-	17,245
Miscellaneous income	18,489	-	18,489	2,708	-	2,708
Education income	7,491	-	7,491	100,868	-	100,868
Employee retention tax credit income	-	-	-	142,623	-	142,623
Total public support and other revenue	10,742,328	(127,063)	10,615,265	7,517,069	82,381	7,599,450
Expenses						
Program services	9,758,491	-	9,758,491	4,369,731	-	4,369,731
Supporting services						
Management and general	694,416	-	694,416	767,231	-	767,231
Fundraising	942,778	-	942,778	855,438	-	855,438
Total supporting services	1,637,194	-	1,637,194	1,622,669	-	1,622,669
Total expenses	11,395,685	-	11,395,685	5,992,400	-	5,992,400
Changes in net assets before non-operating activities	(653,357) *	(127,063)	(780,420)	1,524,669 *	82,381	1,607,050
Non-operating activities						
Investment income (loss)	(2,193,469)	(636,874)	(2,830,343)	701,973	232,114	934,087
Spending appropriations	-	(245,350)	(245,350)	-	(234,567)	(234,567)
Contributions of financial assets	-	290,791	290,791	-	47,166	47,166
Government grants	115,000	-	115,000	-	-	-
PPP2/PPP1 loan forgiveness	1,283,271	-	1,283,271	1,283,271	-	1,283,271
Gain on sale of property, net of closing costs of $32,554	376,793	-	376,793	-	-	-
Reimbursed damages (flood insurance)	28,452	-	28,452	-	-	-
Total net non-operating activities	(389,953)	(591,433)	(981,386)	1,985,244	44,713	2,029,957
Changes in net assets	(1,043,310)	(718,496)	(1,761,806)	3,509,913	127,094	3,637,007
Net assets						
Beginning of year	22,542,310	7,690,556	30,232,866	19,032,397	7,563,462	26,595,859
End of year	$ 21,499,000	$ 6,972,060	$ 28,471,060	$ 22,542,310	$ 7,690,556	$ 30,232,866

* Includes depreciation expense of $454,598 (2022) and $454,056 (2021).

The Notes to Consolidated Financial Statements are an integral part of these statements.

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Cost of Direct Benefit to Donors	Total Expenses
Salaries	$ 4,583,621	$ 301,917	$ 579,266	$ 881,183	$ 1,292	$ 5,466,096
Benefits and payroll taxes	914,620	20,630	28,170	48,800	132	963,552
Artistic and professional fees	577,255	232,133	40,157	272,290	-	849,545
Dues and subscriptions	15,602	7,893	2,139	10,032	-	25,634
Conferences, meetings and events	141,597	13,992	361,180	375,172	43,665	560,434
Special events expenses	47,297	-	7,208	7,208	-	54,505
Advertising, promotion and public relations	599,736	-	66,588	66,588	-	666,324
Production expense	1,216,257	-	-	-	20,498	1,236,755
Insurance	273,297	17,734	34,025	51,759	-	325,056
Utilities	346,575	22,998	44,126	67,124	-	413,699
Maintenance	256,920	14,682	28,168	42,850	-	299,770
Security	5,645	-	-	-	-	5,645
Concessions cost of goods sold	58,718	-	-	-	-	58,718
Performance rights and royalties	114,820	-	-	-	-	114,820
Office supplies	24,432	1,961	5,083	7,044	-	31,476
Computer expense	79,633	21,818	13,348	35,166	-	114,799
Telephone, cable and internet	87,070	339	650	989	-	88,059
Postage, printing and reproduction	13,083	491	10,088	10,579	-	23,662
Real estate taxes	31,329	2,793	-	2,793	-	34,122
Investment and finance fees	-	5,467	-	5,467	-	5,467
Travel, meals and entertainment	21,562	5,002	-	5,002	-	26,564
Miscellaneous	25,242	-	12,469	12,469	-	37,711
Depreciation	382,898	24,566	47,134	71,700	-	454,598
Total expenses	9,817,209	694,416	1,279,799	1,974,215	65,587	11,857,011
Less: Expenses included with revenues on the consolidated statement of activities						
Concession cost of goods sold	(58,718)	-	-	-	-	(58,718)
Theatre tours events expenses	-	-	(337,021)	(337,021)	-	(337,021)
Direct costs of special events	-	-	-	-	(65,587)	(65,587)
	$ 9,758,491	$ 694,416	$ 942,778	$ 1,637,194	$ -	$ 11,395,685

The Notes to Consolidated Financial Statements are an integral part of this statement.

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Cost of Direct Benefit to Donors	Total Expenses
Salaries	$ 1,977,804	$ 282,307	$ 432,620	$ 714,927	$ 500	$ 2,693,231
Benefits and payroll taxes	623,456	42,987	68,725	111,712	38	735,206
Artistic and professional fees	98,733	252,588	2,649	255,237	-	353,970
Dues and subscriptions	17,607	1,480	3,120	4,600	-	22,207
Conferences, meetings and events	15,625	2,382	1,726	4,108	39,545	59,278
Special events expenses	20,333	-	53,997	53,997	-	74,330
Advertising, promotion and public relations	304,090	-	28,087	28,087	-	332,177
Production expense	177,978	-	-	-	-	177,978
Insurance	195,002	27,089	41,561	68,650	-	263,652
Utilities	166,462	24,269	37,233	61,502	-	227,964
Maintenance	123,726	18,038	27,674	45,712	-	169,438
Security	4,644	-	-	-	-	4,644
Concessions cost of goods sold	9,512	-	-	-	-	9,512
Performance rights and royalties	100,680	-	-	-	-	100,680
Office supplies	13,033	2,107	3,062	5,169	-	18,202
Computer expense	66,900	4,821	12,748	17,569	-	84,469
Telephone, cable and internet	70,494	237	363	600	-	71,094
Postage, printing and reproduction	3,823	2,919	4,672	7,591	-	11,414
Real estate taxes	30,650	2,752	-	2,752	-	33,402
Investment and finance fees	-	33,329	-	33,329	-	33,329
Travel, meals and entertainment	18,244	507	-	507	-	18,751
Miscellaneous	8,890	21,081	2,184	23,265	75	32,230
Bad debt expense	-	-	60,856	60,856	-	60,856
Depreciation	331,557	48,338	74,161	122,499	-	454,056
Total expenses	4,379,243	767,231	855,438	1,622,669	40,158	6,042,070
Less: Expenses included with revenues on the consolidated statement of activities						
Concession cost of goods sold	(9,512)	-	-	-	-	(9,512)
Direct costs of special events	-	-	-	-	(40,158)	(40,158)
	$ 4,369,731	$ 767,231	$ 855,438	$ 1,622,669	$ -	$ 5,992,400

The Notes to Consolidated Financial Statements are an integral part of this statement.

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating and non-operating activities		
Changes in net assets	$ (1,761,806)	$ 3,637,007
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating and non-operating activities		
Depreciation	454,598	454,056
Disposals of property and equipment	20,941	-
Bad debt expense	-	60,856
Net loss on gift annuity obligations	4,556	3,595
Net gain on deferred compensation investment	-	(46,473)
Donated securities	-	(121,153)
Gain on the sale of property	(409,348)	-
Realized (gain) loss on sale of investments and donated securities	408,638	(12,160)
Unrealized (gain) loss on investments and donated securities	2,931,470	(250,060)
Endowment contributions	(223,817)	(35,783)
Change in present value and allowance for uncollectible promises to give	(38,202)	(583)
PPP2/PPP1 loan forgiveness	(1,283,271)	(1,283,271)
Changes in assets and liabilities		
Accounts receivable	(42,287)	83,391
Employee retention tax credit receivable	142,623	(142,623)
Unconditional promises to give	37,756	158,495
Prepaid expenses	(103,767)	(58,837)
Inventory	(380)	1,454
Accounts payable and accrued expenses	377,310	(146,190)
Advance subscriptions	(54,726)	438,692
Deferred revenue	(111,681)	26,001
Unredeemed gift certificates	(77,089)	(139,310)
Deferred compensation plan payable	(95,452)	(133,057)
Refundable advance - Shuttered Venue Operators Grant	(548,339)	548,339
Net cash provided by (used in) operating and non-operating activities	(372,273)	3,042,386
Investing activities		
Purchase of property and equipment	(228,139)	(54,147)
Purchase of investments	(6,070,215)	(4,101,594)
Proceeds from the sale of property and equipment	424,500	-
Proceeds from sales of investments	4,565,232	3,412,611
Disbursement from deferred compensation plan	95,452	179,530
Net cash used in investing activities	(1,213,170)	(563,600)
Financing activities		
Annuity payments	(10,573)	(14,168)
Endowment contributions	223,817	35,783
Principal payments on loans payable	(8,258)	(938,911)
PPP2 loan proceeds received	-	1,283,271
Net cash provided by financing activities	204,986	365,975
Net change in cash, cash equivalents and restricted cash	(1,380,457)	2,844,761
Cash, cash equivalents and restricted cash		
Beginning of year	3,351,866	507,105
End of year	$ 1,971,409	$ 3,351,866
Supplemental disclosure		
Interest paid	$ 3,403	$ 33,329

The Notes to Consolidated Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The mission of Goodspeed Opera House Foundation, Inc. (the "Organization") is to share the joy of musical theatre; to delight, inspire, and challenge audiences; to nurture creators; and to build and support a broad, diverse, and inclusive community.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Goodspeed Opera House Foundation, Inc. and its wholly owned subsidiary, Goodspeed Restaurant, Inc. (the "Subsidiary"). The Subsidiary was formed in 1994 as a Connecticut corporation to provide restaurant and hotel services for the patrons of the Organization and the community. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Organization and Subsidiary's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: Include expendable resources that are used to carry out the Organization and Subsidiary's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization and Subsidiary or may be limited by contractual agreements. In addition, net assets without donor restrictions include board designated endowment funds and property and equipment used in operations.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of the Organization and Subsidiary or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization and Subsidiary, including gifts and promises to give wherein donors stipulate that the corpus of the gift to be held in perpetuity and that only the income may be made available for operations, subject to the Organization and Subsidiary's spending policy.

The Organization and Subsidiary include in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment return appropriated for operations. This measure of operations provides a presentation that depicts the matter in which Organization and Subsidiary manage their financial activities. Investment return, including interest and dividends, net realized and unrealized gains and losses, in excess of (or less than) Organization and Subsidiary's authorized investment return appropriated for operations, capital contributions and grants, and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as nonoperating activities.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except those included within the investment portfolio.

Fair Value Measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

In determining fair value, the Organization and Subsidiary use various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Quoted prices of identical instruments in active markets.

Level 2 - Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The Organization and Subsidiary's investments are valued based on the following:

Closed-End Fixed Income
Valued at quoted market prices for identical assets in active markets.

Federal Money Market Funds and Mutual Funds
Valued at the daily closing price as reported by the fund. Funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The funds held by the Organization are deemed to be actively traded.

Investments
Investments in marketable securities are reported at their fair market value in the accompanying consolidated statements of financial position. All investments are stated at their fair value. Net investment income (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Investments received by gift are initially recorded at fair value at the date of receipt. Fair values for stocks, bonds and U.S. government securities are based on quoted market prices. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated statements of activities. Gains and losses on sales of investments are determined using the average cost method.

Property and Equipment

Property and equipment acquired are recorded at cost. It is the Organization and its Subsidiary's policy to capitalize expenditures on a per project basis exceeding $10,000. Lesser amounts are expensed. Property and equipment are being depreciated over the useful life of the related asset using the straight-line method. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization and Subsidiary report expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization and Subsidiary reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

Inventory

The Organization and Subsidiary measure its inventory at the lower of cost or net realizable value. Inventory consists of all finished goods gift shop and concessions inventory. The Organization and Subsidiary also maintain scenery and costume inventories of past productions. The Organization and Subsidiary are unable to determine the future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original show. The Organization and Subsidiary have accumulated a book collection and certain artwork that has not been reflected in the consolidated financial statements since the fair market value is not determinable.

Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense for the years ended December 31, 2022 and 2021 was $359,917 and $152,709, respectively, which are included in advertising, promotion and public relations within the consolidated statements of functional expenses.

Production Costs

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed prior to the fiscal year end of the consolidated financial statements, all production costs have been expensed.

Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these consolidated financial statements include depreciation and amortization, functional allocation of expenses and the present value of unconditional promises to give. Actual results could differ from those estimates.

Tax Status and Uncertain Tax Positions

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, the states of Connecticut and New York, and has been designated as an organization which is not a private foundation. The Organization is obligated for unrelated business income tax on net income from certain activities (i.e. wardrobe rental income). As of December 31, 2022 and 2021, the Organization had approximately $1,800,000 and $1,675,000, respectively, in unrelated business net operating losses carried forward, which begin to expire in 2026. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

The Subsidiary is a for-profit corporation subject to federal and state income taxes on net income, if any. As of December 31, 2022 and 2021, the Subsidiary had approximately $101,000 and $106,000, respectively, in net operating losses carried forward, which begin to expire in 2026. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses. The Subsidiary uses the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities at currently enacted tax rates. These temporary differences primarily relate to net operating loss carryforwards available to offset future taxable income. Valuation allowances are established, if necessary, to reduce a deferred tax asset to the amount that will more likely than not be realized.

The Organization and Subsidiary believe that they have the appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. There are no income tax related penalties and interest included in the accompanying consolidated financial statements.

New Accounting Pronouncements Adopted in the Current Year

The Organization and Subsidiary adopted the presentation and disclosure requirements of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) on a retrospective basis as of January 1, 2021. This ASU requires presentation of contributed nonfinancial assets apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this standard did not have a significant impact on the Organization and Subsidiary's consolidated financial statements, with the exception of increased disclosures.

New Accounting Pronouncements Issued Not Yet Effective

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for an organization's lease obligations. The Organization and Subsidiary adopted the new standard on January 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption and it did not have an impact on its consolidated financial statements.

The Organization and Subsidiary are currently evaluating the effect that these pronouncements will have on its consolidated financial statements and related disclosures.

Revenue and Support Recognition

Contributions and Promises to Give - Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization and Subsidiary that is, in substance, unconditional. Conditional grants and promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. The Organization and Subsidiary uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Special Events – Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as a conditional contribution when received and reported as a refundable advance on the consolidated statements of financial position and is recognized as revenue when the condition is met, which is when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the consolidated statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

Revenue from Contracts with Customers

The Organization and Subsidiary accounts for admissions, royalties, enhancements, concessions, theatre tour events and education income as exchange transactions in the consolidated statements of activities and changes in net assets. Revenue from contracts with customers are treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities in the consolidated statements of financial position.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization and Subsidiary perform the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization and Subsidiary satisfies each performance obligation.

The following summarizes the Organization and Subsidiary's performance obligations:

Admission

Admission represents the sums actually paid for individual tickets of admission to a production of the Organization including handling and other fees. Tickets are non-refundable at the time of receipt unless a performance is cancelled. The Organization estimates the number of cancellations and records a reserve if deemed material. Fees are non-refundable at the time of receipt. The Organization allows for exchanges under certain circumstances for tickets of equal or lesser value. The total yearly adjustment for exchanged tickets is immaterial to the Organization. Tickets purchased in advance are recorded as contract liabilities by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Admission is recognized at a specific point in time, which is when the performance related to the ticket is complete.

Other Exchange Transactions
Royalties are recognized when the performance is complete. Enhancement income is recognized when the related production begins. Concession income is recognized when the sale occurs. Theatre tour events are recognized when the related tour begins. Education income is recognized over time as the program occurs.

The timing of revenue recognition, billings and cash collections results in accounts receivables and contract liabilities, which are shown as advance subscriptions, deferred revenue and unredeemed gift certificates on the consolidated statements of financial position. Accounts receivable as of December 31, 2022 and 2021 were $59,959 and $17,672, respectively. Contract liabilities as of December 31, 2022 and 2021 were $2,211,168 and $2,454,664, respectively. Accounts receivable and contract liabilities as of January 1, 2021 were $161,919 and $2,129,281, respectively.

Other revenues are obtained from rental income, miscellaneous, and investment income. These revenues are used to offset program, management and general and fundraising expenses. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

Reclassifications
Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to confirm with the presentation in the current year consolidated financial statements. These changes have had no effect on the net assets of the Organization and Subsidiary.

2. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS

Net Assets Without Donor Restrictions
The Board of Trustees has designated net assets without restrictions as a general endowment fund to support the mission of the Organization and Subsidiary. The Organization and Subsidiary have a spending policy of appropriating for distribution each year a set amount based on the Organization and Subsidiary's current operating budget. In establishing this policy, the Organization and Subsidiary considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Organization and Subsidiary expect the current spending policy to allow its general endowment fund to grow. This is consistent with the Organization and Subsidiary's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. During the years ended December 31, 2022 and 2021, net investment earnings (loss) of the board designated net assets were ($2,193,469) and $701,973, respectively. During the years ended December 31, 2022 and 2021, the additions to the general endowment fund totaled $1,554,305 and $3,207,849, respectively.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	2022	2021
Grants and contributions (subject to expenditure for specific purpose)		
Future periods and programs		
Membership revenue	$ 889,250	$ 740,603
Capital campaign (Note 8)	689,251	628,693
Future programs and periods	122,862	286,643
Gift annuity funds	179,455	291,385
	1,880,818	1,947,324
Less: Discount to present value	(3,970)	(10,387)
	1,876,848	1,936,937
Accumulated endowment earnings	121,926	1,004,149
	1,998,774	2,941,086
Donor-designated endowments (to be held in perpetuity)		
Unrestricted use of investment income	1,400,000	1,400,000
Donor directed use of investment income		
Michael Price Endowment Fund	1,582,912	1,574,986
Musical theater education and related programs	1,593,399	1,415,496
Library	239,930	239,930
Opera House	71,000	71,000
Internships	50,000	50,000
New Works Fund	37,045	27,045
	4,974,286	4,778,457
Less: Allowance for uncollectible promises to give	(1,000)	(23,000)
Less: Discount to present value	-	(5,987)
	4,973,286	4,749,470
Total net assets with donor restrictions	$ 6,972,060	$ 7,690,556

Endowment Policy

At the donors' request, 5% of the balances of the Musical Theater Education and Related Programs and Library funds (the "Funds") are to be distributed annually to the Organization. Any excess investment income is to be added to the Funds, with any losses reducing the net assets with donor restrictions. The remaining endowments are to be distributed annually to the Organization in accordance with the board approved spending policy, with any excess investment income to be added to net assets with donor restrictions. During the years ended December 31, 2022 and 2021, investment income (loss) on the endowments were ($636,874) and $232,114, respectively. During the years ended December 31, 2022 and 2021, the distribution was $245,350 and $234,567, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Organization and Subsidiary to retain as a fund of perpetual duration. Investment losses first reduce the accumulated excess investment income of the respective fund and the losses in excess of original gift amounts are covered by the accumulated excess investment income of other net assets with donor restrictions. Deficiencies of this nature exist in 8 donor-restricted endowment funds, which together have an original gift value of $2,938,073, a current fair value of $2,763,765, and a deficiency of $174,308 as of December 31, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that were deemed prudent by the Board of Trustees. There were no such deficiencies as of December 31, 2021.

In 2014, the Organization created the Michael Price Endowment Fund (the "Fund"). The Fund supports the Organization's core mission by helping to produce one mainstage musical each season. As of December 31, 2022 and 2021, the Fund balance net of discount and allowance was $1,581,912 and $1,545,999, respectively.

The Organization's endowment consists of funds established for the purposes described above. Its endowment includes six donor-restricted endowment funds.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;

b. The purposes of the Organization and the donor-restricted endowment fund;

c. General economic conditions;

d. The possible effect of inflation and deflation;

e. The expected total return from income and the appreciation of investments;

f. Other resources of the Organization; and

g. The investment policy of the Organization.

Return Objectives and Risk Parameters
The Organization has adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk.

Changes in endowment assets are as follows for the year ended December 31, 2022:

Endowment net assets, December 31, 2021	$ 5,753,619
Contributions	223,817
Net investment loss	(636,874)
Appropriation for spending	(245,350)
Endowment net assets, December 31, 2022	$ 5,095,212

Changes in endowment assets are as follows for the year ended December 31, 2021:

Endowment net assets, December 31, 2020	$ 5,720,289
Contributions	35,783
Net investment income	232,114
Appropriation for spending	(234,567)
Endowment net assets, December 31, 2021	$ 5,753,619

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 381,012	$ 2,243,855
Accounts receivable	59,959	17,672
Unconditional promises to give	34,500	19,870
Investments	13,358,573	13,452,953
Employee retention tax credit receivable	-	142,623
	13,834,044	15,876,973
Liquidity resources		
Unused line of credit	2,500,000	2,500,000
Less: Board designated net assets - general fund	(11,114,235)	(11,894,993)
Total financial assets and liquidity resources available within one year	$ 5,219,809	$ 6,481,980

The Organization and Subsidiary's cash flows have seasonal variations due to subscription series renewals and single tickets sales. To manage liquidity, the Organization and Subsidiary have pledge campaigns to fund operations and other projects. The Board of Trustees has designated remaining net assets without restrictions as a board designated fund to support the mission of the Organization and Subsidiary (Note 2). The Organization and Subsidiary have a spending policy to fund any losses through the board designated fund. In addition, transfers from the Organization and Subsidiary board designated net assets can occur through Board approval.

4. CONCENTRATION OF CREDIT RISK AND RESTRICTED CASH

The Organization and Subsidiary maintain cash, cash equivalents and investment balances at several financial institutions, which at times exceed the insured limit. Financial instruments which potentially subject the Organization and Subsidiary to concentrations of credit risk include cash and cash equivalents, money market funds, investments, and unconditional promises to give. The Organization and Subsidiary have significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization and Subsidiary's financial condition, results of operations, and cash flows.

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 consolidated financial statements.

As of December 31, 2022 and 2021, restricted cash consisted of a restricted certificate of deposit of $121,891 and $121,582, respectively, which is pledged as collateral to meet the requirements of the Actors' Equity Association Union Agreement. As of December 31, 2022 and 2021, restricted cash also included $36,659, in both years, which is pledged as collateral to meet the bond requirements of the Town of East Haddam's planning and zoning commission. The bonds are to be released upon processing of final documentation.

5. CASH, CASH EQUIVALENTS AND INVESTMENTS

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 consist of common and preferred stocks, mutual funds, high yield bank loans and US and other bond obligations. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There were no purchases, issuances or transfers into or out of Level 3 investments during the years ended December 31, 2022 and 2021. There were no changes in investment leveling methodologies for the years ended December 31, 2022 and 2021.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 10,947,343	$ -	$ -	$ 10,947,343
Closed-end fixed income				
Intermediate investments funds	499,294	-	-	499,294
Long-term investment funds	536,566	-	-	536,566
Short-term investment funds	1,440,473	-	-	1,440,473
Bond market index funds	2,237,653	-	-	2,237,653
US and other bond obligations	2,266,702	-	-	2,266,702
High-yield bank loans	287,021	-	-	287,021
Federal money market fund	613,958	-	-	613,958
	$ 18,829,010	$ -	$ -	$ 18,829,010

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021:

	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 9,005,237	$ -	$ -	$ 9,005,237
Closed-end fixed income				
Intermediate investments funds	766,161	-	-	766,161
Long-term investment funds	883,190	-	-	883,190
Short-term investment funds	2,113,630	-	-	2,113,630
Bond market index funds	3,525,294	-	-	3,525,294
US and other bond obligations	2,403,432	-	-	2,403,432
High-yield funds	312,666	-	-	312,666
Federal money market fund	1,654,525	-	-	1,654,525
	$ 20,664,135	$ -	$ -	$ 20,664,135

A financial institution has filed a secured interest in the Organization's investments (valued at approximately $2.9 million as of December 31, 2022 and $3.2 million as of December 31, 2021) as collateral towards the Organization's line of credit (Note 12c).

Restricted investments consisted of mutual funds for deferred compensation for key employees with the fair value of $396,254 and $491,706, respectively, as of December 31, 2022 and 2021.

Investment Income (Loss)
Investment income (loss) consists of the following for the years ended December 31:

	2022	**2021**
Interest and dividend income	$ 562,315	$ 721,382
Unrealized gain/(loss) on investments	(2,931,470)	250,060
Realized gain/(loss) on sale of investments	(408,638)	12,160
Administrative fees	(52,550)	(49,515)
	$ (2,830,343)	$ 934,087

6. UNCONDITIONAL PROMISES TO GIVE

When estimating the fair value of unconditional promises to give, the relationships with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

Unconditional promises to give consist of the following at December 31, 2022:

	Less Than One Year	Two to Five Years	Total
Without donor restrictions	$ 34,500	$ -	$ 34,500
With donor restrictions	72,357	31,000	103,357
	106,857	31,000	137,857
Less: Reserve for uncollectible	(1,000)	-	(1,000)
Less: Discount for present value	-	(5,380)	(5,380)
	$ 105,857	$ 25,620	$ 131,477

Unconditional promises to give consist of the following at December 31, 2021:

	Less Than One Year	Two to Five Years	Total
Without donor restrictions	$ 29,756	$ -	$ 29,756
With donor restrictions	95,000	50,857	145,857
	124,756	50,857	175,613
Less: Reserve for uncollectible	(38,886)	-	(38,886)
Less: Discount for present value	-	(5,696)	(5,696)
	$ 85,870	$ 45,161	$ 131,031

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	Life/Years	2022	2021
Land	n/a	$ 657,478	$ 664,144
Building and improvements	4-40	19,125,818	19,005,981
Furniture, fixtures, and equipment	3-30	2,522,802	2,522,802
Vehicles	5	196,267	442,524
		22,502,365	22,635,451
Less: Accumulated depreciation		(12,597,590)	(12,489,064)
Construction in process (note 8)	n/a	479,990	500,930
		$ 10,384,765	$ 10,647,317

Depreciation expense for the years ended December 31, 2022 and 2021 was $454,598 and $454,056, respectively.

During the year ended December 31, 2022, the Organization sold three condominiums and the corresponding land for $424,600. The property and land had a book value of $15,152, resulting in a gain on sale of $409,348 which is recorded as non-operating revenue in the consolidated statements of activities.

8. CAPITAL CAMPAIGN

The Organization launched a capital campaign (the “Campaign”) for multiple projects costing under $10 million. The Organization was awarded a $2.9 million grant from the Department of Economic and Community Development. The grant funds are received upon incurring expenses related to the Campaign and $115,000 was received during the year ended December 31, 2022 for the new water system project. The remaining amounts will be raised from donors and board members. As of December 31, 2022, the Organization has received $689,251, including pledges of $67,357 restricted to the Campaign which are reflected within net assets with donor restrictions (Note 2). As of December 31, 2021, the Organization has received $628,693, including pledges of $85,857 restricted to the Campaign which are reflected within net assets with donor restrictions (Note 2). During the planning and construction phases, certain operating and other costs are being capitalized as part of construction in progress. As of December 31, 2022 and 2021, $479,990 of planning costs were capitalized and are included within construction in progress (see Note 7).

9. GIFT ANNUITY OBLIGATIONS

Gift annuities are reflected at fair value on the date of the gift less the estimated obligation under future benefits. Grantors are paid annually over joint lives as provided for within the grant instruments. The estimated obligation of the gifts as of December 31, 2022 and 2021 was $27,201 and $33,218, respectively.

10. RESTRICTED INVESTMENT AND DEFERRED COMPENSATION PLAN PAYABLE

The Organization has an unqualified deferred compensation plan under Section 457(b) of the Internal Revenue Service Code which covers certain qualified positions within the Organization, as defined within the plan document. The plan provides for funding under the annual Internal Revenue Service qualified threshold under employer contributory plans, including investment results over the term of the agreement. The Organization has title to and beneficial ownership of the invested funds until the earlier of termination (except for cause as defined in the agreement) or death or disability. The Organization reflects the annual commitment under the unqualified deferred compensation plan as current salary expense. During the years ended December 31, 2022 and 2021, the Organization did not contribute to the plan. As of December 31, 2022 and 2021, the balance of the deferred compensation payable is $396,254 and $491,706, respectively.

11. STATEMENTS OF CASH FLOWS

The following comprises the cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total reported in the consolidated statements of cash flows for the years ended December 31:

	2022	2021
Cash	$ 1,812,859	$ 2,645,286
Restricted cash	158,550	158,241
Restricted cash - Shuttered Venue Operators Grant	-	548,339
	$ 1,971,409	$ 3,351,866

12. COMMITMENTS AND CONTINGENCIES

a) Government supported programs are subject to audit by the granting agency.

b) The Subsidiary entered into a lease to rent the Gelston House to an unrelated party for a period of sixteen years (with provisions for termination), ending December 31, 2021. The lease agreement has a renewal option for another five years. In 2022 and 2021, the agreement continued on a month to month basis. The lease provides for rent at an annual rate of $100,000 for the first two renewal years, and then the greater of $100,000 or certain percentages of gross sales for the remaining three years. Rental income for each of the years ended December 31, 2022 and 2021 was $100,000.

c) The Organization has a line of credit with a financial institution with a maximum availability of $2,500,000. The line of credit is due on demand and bears an annual interest rate of the Prime less .50% and Eurorate in December 31, 2022 and 2021, respectively (7.00% and 2.25% as of December 31, 2022 and 2021, respectively). As of December 31, 2022 and 2021, there was no amount outstanding. The line of credit currently expires on July 31, 2024. The line of credit agreement contains certain financial operating and reporting restrictive covenants. As of December 31, 2022 the Organization and Subsidiary were in compliance with these covenants. As of December 31, 2021, the Organization and Subsidiary were not in compliance with these covenants and obtained a waiver from the bank.

The financial institution has filed a secured interest in the Organization's investments (which were valued at approximately $2.9 million as of December 31, 2022 and $3.2 million as of December 31, 2021), held by the financial institution.

In 2019, the Organization entered into a 3-year agreement with a financial institution totaling $25,000. The loan is secured by a title lien on one of the Organization's vehicles. Payments on the loan agreement commenced on December 1, 2019 and are due monthly with a fixed interest rate of 6.50%. As of December 31, 2021, the amount outstanding on the loan was $8,258. As of December 31, 2022, the loan was fully repaid.

On May 31, 2020, The Organization was approved for an Economic Injury Disaster Loan ("EIDL") in the amount of $150,000. The EIDL is a 30-year term loan. The loan bears an annual rate of 2.75% and is collateralized by all tangible and intangible assets of the Organization. Monthly installments on the loan begin 30 months from the date of the loan. As of December 31, 2022, no amounts have been repaid. The loan is due as follows:

Due during the year ending December 31, 2022	$	298
Due during the year ending December 31, 2023		3,620
Due during the year ending December 31, 2024		3,721
Due during the year ending December 31, 2025		3,825
Due during the year ending December 31, 2026		3,932
Thereafter, through May 31, 2051		134,604
	$	150,000

d) The Organization contributes to six multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, four of the six multiemployer plans to which the Organization contributes are adequately funded under the applicable provisions in the Pension Protection Act enacted in 2006 (“PPA”). Two funds are in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any.

Under applicable law upon the Organization ceasing to make contributions to, or other “withdrawal” from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization’s proportionate share of the plan’s unfunded vested liabilities. The Organization believes that under such circumstances, if a fund were to seek to access such contribution obligation upon the Organization’s alleged “withdrawal”, the Organization would have significant defenses against such assessment under applicable law. The Organization cannot determine at this time the impact that the alleged withdrawal from the affected plans may have on the Organization and Subsidiary’s financial position, results of changes in net assets or cash flows.

Approximately 41% and 14% of the Organization’s employees and contractors are participants in multiemployer plans for the years ended December 31, 2022 and 2021, respectively. Pension and welfare expense associated with multiemployer plans amounted to $312,349 and $67,199 for the years ended December 31, 2022 and 2021, respectively.

e) The Organization has entered into various contracts with licensors in order to develop, produce, promote and present works on the stage in the presence of an audience. If a work produced by the Organization generates royalties to the author or composer, then the Organization will generally be entitled to a certain percentage of the net proceeds received by the author and/or composer.

f) The Organization has elected to use a collective Trust, 501(c) Agencies Trust (the “Trust”), for calculating and paying Connecticut unemployment benefits. As of December 31, 2022 and 2021, the Organization has advanced the Trust $142,914 and $133,566, respectively, which is reflected in prepaid expenses on the consolidated statements of financial position. Unemployment benefits charges paid for the years ended December 31, 2022 and 2021 were $41,492 and $94,293, respectively. The Trust is a collective of more than 1,500 not-for-profit organizations. Members of the Trust are responsible only for their own claims. The Trust is responsible for monitoring each member’s activity to ensure sufficient funds are available. Any money held in the Organization’s account earns interest based on the Trust’s investments. The Trust has a conservative investment policy where 70% is in cash and bonds.

g) The Organization received a $2.9 million grant from the DECD (Note 8). Per the terms of the agreement, after the eligible project is completed and placed in service, the Organization is obligated to use the property as a theatre for ten years. During the year ended December 31, 2022, the Organization received $115,000 for completed projects, which restrictions expire in 2032.

h) The Organization and Subsidiary have employment agreements that extend through December 31, 2024. The aggregated commitment under these agreements is approximately $800,000 on December 31, 2022.

13. EMPLOYEE BENEFIT PLAN

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization matches the employee's contribution amount up to a maximum of 3% of the annual salary at the Organization's discretion. Employees may make contributions to the plan up to the maximum amounts allowed by the Internal Revenue Code if they wish. During the years ended December 31, 2022 and 2021, respectively, the Organization did not contribute to the plan.

14. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

Contributed nonfinancial assets are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributed non-financial assets do not have donor-imposed restrictions. The Organization received contributed non-financial assets comprised of services and materials during the years ended December 31, 2022 and 2021 in support of its programs and operations, which are recognized in the consolidated statements of activities and included:

Non-Financial Contributions Category	Type of Contributions	Valuation	2022	2021
Sponsorships	Advertising	Third party estimates using billing rates in like circumstances	$ 51,133	$ 33,300
Furniture, clothing and other	Various auction items and production materials	U.S. wholesales prices of identical or similar products	12,983	18,209
Professional services	Professional services including program and administrative consulting	Standard industry pricing for similar services	6,126	6,045
			$ 70,242	$ 57,554

15. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services has been summarized on the consolidated statements of activities and detailed within the consolidated statements of functional expenses. Certain costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expense includes those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include salaries, employee benefits, payroll taxes, office supplies, depreciation, maintenance, utilities, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

16. EMPLOYEE RETENTION TAX CREDITS

The Organization has applied for the employee retention tax credit in the amount of $142,623 which was recorded as revenue in the consolidated statement of activities during the year ended December 31, 2021 and a receivable in the consolidated statement of financial position as of December 31, 2021. All amounts were received during the year ended December 31, 2022.

17. SHUTTERED VENUE OPERATORS GRANT

On June 29, 2021, the Organization was awarded a Shuttered Venue Operators Grant from the U.S. Small Business Administration ("SBA") in the amount of $2,080,036. This cost-reimbursable federal grant covers allowable qualifying expenses for the period from March 1, 2020 through December 31, 2021. On September 22, 2021, the Organization received a supplemental grant award of $1,681,654, and also extends the allowable expense period for the entire grant to June 30, 2022. Allowable qualifying expenses incurred through December 31, 2022 and 2021 were $548,339 and $3,213,351, respectively which has been recognized as revenue during the years ended December 31, 2022 and 2021. As of December 31, 2022, there were no remaining unspent funds.

18. PAYCHECK PROTECTION PROGRAM

On April 16, 2020, the Organization was issued an unsecured promissory note (the "PPP1 Loan") in the amount of $1,283,271 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP1 Loan was guaranteed by the SBA. On May 28, 2021, the Organization was informed that its application for forgiveness of $1,283,271 of the PPP1 Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt, of which $1,283,271 relates to expenses incurred during the year ended December 31, 2020, which is shown as non-operating activities in the accompanying consolidated statements of activities.

On March 24, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for $1,283,271 through the PPP established under the CARES Act and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. On October 26, 2022, the Organization was informed that its application for forgiveness of $1,283,271 of the PPP2 Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt, of which $1,283,271 relates to expenses incurred during the year ended December 31, 2021, which is shown as non-operating activities in the accompanying consolidated statements of activities.

19. RISKS AND UNCERTAINTIES

Management continues to evaluate the COVID-19 virus in the United States and its impact on the theatrical industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization and Subsidiary's financial condition and results of operations, the specific impact is not readily determinable as of the date of these consolidated financial statements.

20. EVALUATION OF SUBSEQUENT EVENTS

The Organization and Subsidiary have evaluated subsequent events through May 11, 2023, the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization and Subsidiary have determined that no subsequent events have occurred which require adjustment to or disclosure in these consolidated financial statements.