THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER
Financial Statements
June 30, 2020 and 2019
With Independent Auditor's Report

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ADVISORY TAX AUDIT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
The Lark Theatre Company, Inc.
d/b/a Lark Play Development Center:

We have audited the accompanying financial statements of The Lark Theatre Company, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2020, the Organization adopted new accounting guidance in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), and FASB ASU 2016-18, *Statement of Cash Flows* (Topic 230) – *Restricted Cash*. Our conclusion is not modified with respect to these matters.

As discussed in Note 12 to the financial statements, management is continuing to evaluate the introduction of the COVID-19 virus to the United States and its impact on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial condition and results of operations, the specific impact is not readily determinable as of the date of these financial statements. Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

April 23, 2021

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center
Statements of Financial Position
June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 395,148	$ 562,918	$ 958,066	$ 309,496	$ 810,147	$ 1,119,643
Accounts receivable	448	-	448	695	-	695
Unconditional promises to give - current portion	68,579	244,000	312,579	73,650	214,579	288,229
Investments	1,508	301,519	303,027	-	-	-
Prepaid expenses	7,186	-	7,186	18,975	-	18,975
Total current assets	472,869	1,108,437	1,581,306	402,816	1,024,726	1,427,542
Unconditional promises to give, net of current portion	-	102,750	102,750	5,000	113,817	118,817
Property and equipment, at cost, net of accumulated depreciation	77,758	-	77,758	251,596	-	251,596
Security deposits	62,936	-	62,936	62,936	-	62,936
Total assets	$ 613,563	$ 1,211,187	$ 1,824,750	$ 722,348	$ 1,138,543	$ 1,860,891
Liabilities and Net Assets						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	$ 136,233	$ -	$ 136,233	$ 58,592	$ -	$ 58,592
Paycheck Protection Program loan payable - Short term	98,955		98,955	-	-	-
Deferred rent	34,612	-	34,612	24,612	-	24,612
Total current liabilities	269,800	-	269,800	83,204	-	83,204
Paycheck Protection Program loan payable - Long term	78,955	-	78,955	-	-	-
Deferred rent	62,444	-	62,444	107,057	-	107,057
Total liabilities	411,199	-	411,199	190,261	-	190,261
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Without donor restrictions						
Property and equipment, net	77,758	-	77,758	251,596	-	251,596
Undesignated	124,606	-	124,606	280,491	-	280,491
Total without donor restrictions	202,364	-	202,364	532,087	-	532,087
With donor restrictions	-	1,211,187	1,211,187	-	1,138,543	1,138,543
Total net assets	202,364	1,211,187	1,413,551	532,087	1,138,543	1,670,630
Total liabilities and net assets	$ 613,563	$ 1,211,187	$ 1,824,750	$ 722,348	$ 1,138,543	$ 1,860,891

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

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total
Public support and other revenue						
Public support						
Government	$ 119,000	$ 32,790	$ 151,790	$ 107,920	$ 65,106	$ 173,026
Individuals and family foundations	616,362	207,918	824,280	667,910	108,752	776,662
Foundations	220,510	405,125	625,635	308,805	244,960	553,765
Corporations	12,522	22,100	34,622	37	-	37
Donated materials	951	-	951	-	-	-
Released from restriction						
Foundations	443,675	(443,675)	-	586,450	(586,450)	-
Individuals and family foundations	84,201	(84,201)	-	185,000	(185,000)	-
Government	67,896	(67,896)	-	22,210	(22,210)	-
Corporations	-	-	-	10,000	(10,000)	-
Total public support	1,565,117	72,161	1,637,278	1,888,332	(384,842)	1,503,490
Other revenue						
Contracted services	11,500	-	11,500	2,000	-	2,000
Rental income	4,475	-	4,475	11,049	-	11,049
Investment income	2,009	483	2,492	1,331	659	1,990
Program revenue and miscellaneous income	-	-	-	16	-	16
Total other revenue	17,984	483	18,467	14,396	659	15,055
Total public support and other revenue	1,583,101	72,644	1,655,745	1,902,728	(384,183)	1,518,545
Expenses						
Program services	1,402,685	-	1,402,685	1,534,110	-	1,534,110
Supporting services						
Management and general	168,935	-	168,935	118,800	-	118,800
Fundraising	341,204	-	341,204	393,243	-	393,243
Total supporting services	510,139	-	510,139	512,043	-	512,043
Total expenses	1,912,824	-	1,912,824	2,046,153	-	2,046,153
Change in net assets	(329,723) *	72,644	(257,079)	(143,425) *	(384,183)	(527,608)
Net assets						
Beginning of year	532,087	1,138,543	1,670,630	675,512	1,522,726	2,198,238
End of year	$ 202,364	$ 1,211,187	$ 1,413,551	$ 532,087	$ 1,138,543	$ 1,670,630

* Includes depreciation expense of $176,158 (2020) and $183,533 (2019)

	2020	2019
Increase (decrease) in net assets without donor restrictions before depreciation expense	$ (153,565)	$ 40,108

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

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center
Statements of Functional Expenses
Year Ended June 30, 2020

		Supporting Services			
	Program Expense	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 452,698	$ 63,872	$ 159,397	$ 223,269	$ 675,967
Employee benefits and payroll taxes	93,995	17,916	33,679	51,595	145,590
Artistic fees	228,832	-	-	-	228,832
Travel and housing	47,752	4,481	8,736	13,217	60,969
Office rent	74,798	18,426	28,471	46,897	121,695
Theatre rent	250,783	2,471	698	3,169	253,952
Other theatre expenses	41,784	-	-	-	41,784
Equipment purchases	9,538	2,317	3,581	5,898	15,436
Office supplies	10,546	2,590	5,384	7,974	18,520
Printing and postage	426	74	115	189	615
Insurance	10,447	2,573	3,976	6,549	16,996
Bad debt expense	-	-	-	-	-
Utilities	4,887	1,204	1,860	3,064	7,951
Marketing	5,809	-	695	695	6,504
Equipment rental	1,424	351	542	893	2,317
Maintenance	1,190	293	453	746	1,936
Telephone	2,665	657	1,015	1,672	4,337
Event expenses	43	-	15,269	15,269	15,312
Depreciation	129,564	15,467	31,127	46,594	176,158
Professional fees	9,175	27,264	35,102	62,366	71,541
License, fees, dues and subscriptions	26,329	8,979	10,639	19,618	45,947
Miscellaneous	-	-	465	465	465
Total expenses	$ 1,402,685	$ 168,935	$ 341,204	$ 510,139	$ 1,912,824

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

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center
Statements of Functional Expenses
Year Ended June 30, 2019

	Program Expense	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 468,154	$ 24,096	$ 199,474	$ 223,570	$ 691,724
Employee benefits and payroll taxes	108,353	6,016	47,166	53,182	161,535
Artistic fees	341,211	50	-	50	341,261
Travel and housing	56,517	7,823	11,167	18,990	75,507
Office rent	79,166	14,927	35,442	50,369	129,535
Theatre rent	236,294	4,203	-	4,203	240,497
Other theatre expenses	48,428	-	51	51	48,479
Equipment purchases	10,744	2,109	4,976	7,085	17,829
Office supplies	11,033	2,166	6,641	8,807	19,840
Printing and postage	702	127	2,030	2,157	2,859
Insurance	9,613	1,887	4,452	6,339	15,952
Bad debt expense	-	500	-	500	500
Utilities	3,478	683	1,611	2,294	5,772
Marketing	7,799	-	730	730	8,529
Equipment rental	1,799	353	833	1,186	2,985
Maintenance	751	148	348	496	1,247
Telephone	2,523	495	1,168	1,663	4,186
Event expenses	227	-	493	493	720
Depreciation	110,597	21,711	51,225	72,936	183,533
Professional fees	10,184	25,787	12,365	38,152	48,336
License, fees, dues and subscriptions	26,537	5,719	12,796	18,515	45,052
Miscellaneous	-	-	275	275	275
Total expenses	$ 1,534,110	$ 118,800	$ 393,243	$ 512,043	$ 2,046,153

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

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Operating activities		
Change in net assets	$ (257,079)	$ (527,608)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	176,158	183,533
Donated securities	(258,792)	(291,664)
Realized loss on sale of donated securities	1,096	863
Unrealized gain on investments	(242)	-
Change in discount for present value of unconditional promises	2,933	(7,103)
Bad debt expense	-	500
(Increase) decrease in		
Accounts receivable	247	(1,090)
Unconditional promises to give	(11,216)	68,377
Prepaid expenses	11,789	31,287
Increase (decrease) in		
Accounts payable and accrued expenses	77,641	(17,097)
Deferred rent	(34,613)	(27,008)
Deferred income	-	(3,520)
Net cash used in operating activities	(292,078)	(590,530)
Investing activities		
Proceeds from sale of donated securities	257,696	290,801
Purchase of investments	(302,785)	-
Purchase of property and equipment	(2,320)	(5,277)
Net cash provided by (used in) investing activities	(47,409)	285,524
Financing activity		
Proceeds from Paycheck Protection Program Loan	177,910	-
Net cash provided by financing activity	177,910	-
Net change in cash and cash equivalents	(161,577)	(305,006)
Cash and cash equivalents		
Beginning of year	1,119,643	1,424,649
End of year	$ 958,066	$ 1,119,643

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center (the “Organization”) is a not-for-profit corporation located in New York, NY. A laboratory for new voices and new ideas, the Organization provides playwrights and their collaborators with resources to develop their work in a supportive yet rigorous environment and encourages artists to define their own goals and creative processes in pursuit of a unique vision. The Organization embraces new and diverse perspectives in New York and in all corners of the world, supporting innovative strategies to help new work reach audiences through a network of evolving partnerships. The Organization strives to reinvigorate the theater’s ancient and enduring role as a public forum for discussion, debate and community engagement, and to strengthen society’s capacity to imagine its future through storytelling.

Due to the COVID-19 pandemic, the Organization moved all operations to a virtual/remote environment.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

The Organization’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: Net assets include expendable resources that are used to carry out the Organization’s operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization 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 will be met either by the actions of the Organization or through the passage of time. Items that are included in 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 for their restrictions met in the current year. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations, subject to the Organization’s spending policy.

Cash and Cash Equivalents

For the purposes of the 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.

Fair Value Measurements

Fair Value Measurements and Disclosures establishes the fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value and defines fair value 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 uses 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 under *Fair Value Measurements and Disclosures* 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.

Investments
Investments in marketable securities with readily determinable fair values and all investment in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment
Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. 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 reports the expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Equipment, furniture, and website are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

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 June 30, 2020 and 2019 was $6,430 and $7,799, respectively.

Estimates
The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. 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 and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization did not recognize any tax related interest and/or penalties in the financial statements but would record any such interest and/or penalties as a component of other expense.

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 that is, in substance, unconditional. 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 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.

New Accounting Pronouncements Adopted in Current Year

The Financial Accounting Standards Board ("FASB") issued new guidance that created Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), in the Accounting Standards Codification ("ASC"). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*). ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. In doing so, companies need to use more judgment and make more estimates than under prior guidance. Judgments include identifying performance obligations in the contract, estimating the amount of consideration to include in the transaction price, and allocating the transaction price to each performance obligation. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, which requires the deferral of incremental costs (primarily commissions) of obtaining a contract with a customer. All references to the "new guidance" include ASC 606 and/or ASC 340-40.

The Organization adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. No adjustment to net assets as of July 1, 2019 was necessary. The Organization applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019. Adoption of the new guidance resulted in minimal changes to the Organization's accounting policies for revenue recognition, trade and other receivables and contract liabilities.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there was diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 was adopted using the modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

The FASB has issued ASU No. 2016-18, *Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. During 2020, the Organization adopted this guidance, which has been applied on a retrospective basis. The adoption of ASU 2016-18 did not have a significant impact on the Organization's results of activities, financial position, or cash flows.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a "right of use" asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all the Organization's lease obligations. The ASU is currently in effect for the fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact this pronouncement will have on its financial statements and related disclosures.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization's financial statements.

2. RESTRICTIONS ON NET ASSETS

Net Assets With Donor Restrictions

Donor restricted net assets are restricted for the following purposes as of June 30:

	2020	2019
Restricted for use in future periods	$ 173,950	$ 395,998
Cash reserve	301,519	301,519
Capacity building	265,000	167,325
Fellowships	213,250	146,250
International programs	26,111	49,232
Play development	199,215	46,560
BareBones Production	32,142	31,659
	$ 1,211,187	$ 1,138,543

In 2016, the Organization signed an agreement with FJC, a Foundation of Philanthropic Funds, to establish a restricted Earmarked Fund Account (the "Account") with a deposit of $100,000 plus any additional funds raised for the Organization's BareBones Production program (the "Program") as a match, if applicable. The funds are handled by FJC for investment purposes for a fee of 15 basis points annually, based on the average daily value of the assets held in the Account. The funds may be comingled with other investment assets of FJC and managed in accordance with FJC's investment policies. The Organization may withdraw the funds from the Account as necessary to fund the Program and must furnish a report to FJC on how the distributions from the Account are used. As of June 30, 2020 and 2019, the unspent funds were $32,142 and $31,659, respectively. During fiscal years 2020 and 2019, $-0- and $41,059 was spent on the Program, respectively.

In 2018, the Organization received a $500,000 grant from The Andrew W. Mellon Foundation (the "Foundation") to support the Organization's capacity to allow for improved fundraising staff, strategic board development and staff stabilization and retention. As of June 30, 2020 and 2019, the unspent funds were $-0- and $167,325, respectively. The interest earned during the years ended June 30, 2020 and 2019 was $-0- and $659, respectively, and is applied toward the purpose of the grant.

The Organization received a grant from the Foundation for the establishment of a cash reserve fund in the amount of $150,000, to be matched one-to-one. In 2016, the match was met. Donor restricted net assets consists of the Foundation's grant of $150,000 plus matching funds. The Organization may draw upon the cash reserve fund, provided that within 24 months from the date of withdrawal, the amount withdrawn will be restored. In extreme circumstances, the Organization may elect to extend this period. Any income earned on these funds is without donor restrictions.

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances in two financial institutions located in New York, NY. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000, per institution. At June 30, 2020, the Organization's uninsured cash balances were $305,696.

The Organization maintains an investment account primarily to receive common stock as donations. The Organization's policy is to sell any donated stock immediately upon receipt from the donor. Balances within this account, if any, are insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000 per customer. SIPC does not protect investors from market risks.

4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	$ 395,148	$ 309,496
Unconditional promises to give	68,579	73,650
Accounts receivable	448	695
Total financial assets and liquidity resources available within one year	$ 464,175	$ 383,841

The Organization's cash flows have fluctuations during the year attributable to the timing of program operations. A significant amount of contributions received are received annually that support the operations of the Organization. The Organization's cash reserve can also provide the Organization with funds for operations as noted in Note 2.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Fair Value of Financial Instruments

The fair value and carrying amount of the Organization's cash and short-term investments as of June 30, 2020 and 2019 was $958,066 and $1,119,643, respectively.

Investment

As of June 30, 2020, investments consisted of money markets accounts and cash balances, which are considered Level 1 within the hierarchy of fair value measurements.

Fair Values Measured on Recurring Basis on Donated Stocks

Stock donations are received throughout the year and the Organization's policy is to sell donated stocks on or near the day received. Those donations are recorded using the fair value of the stock on the day of the donation. Fair values of assets measured on a recurring basis consist of common stocks and equities. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Investment Income

Investment income consists of the following for the years ended June 30:

	2020	2019
Interest and dividend income	$ 3,346	$ 2,853
Realized and unrealized loss on sale of investments	(854)	(863)
Net investment income	$ 2,492	$ 1,990

6. UNCONDITIONAL PROMISES TO GIVE

When estimating fair value of unconditional promises to give, the relationships with 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% in each of the years ended June 30, 2020 and 2019.

Unconditional promises to give consist of the following as of June 30, 2020:

	2020		
	Less than One Year	Over One Year	Total
Without donor restrictions	$ 68,579	$ -	$ 68,579
With donor restrictions	244,000	112,500	356,500
	312,579	112,500	425,079
Less: Discount for present value	-	(9,750)	(9,750)
	$ 312,579	$ 102,750	$ 415,329

Unconditional promises to give consist of the following as of June 30, 2019:

	2019		
	Less than One Year	Over One Year	Total
Without donor restrictions	$ 73,650	$ 5,000	$ 78,650
With donor restrictions	214,579	126,500	341,079
	288,229	131,500	419,729
Less: Discount for present value	-	(12,683)	(12,683)
	$ 288,229	$ 118,817	$ 407,046

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Estimated Life (Years)	2020	2019
Leasehold improvements	Life of lease	$ 1,122,946	$ 1,122,946
Furniture and equipment	5-7	267,833	265,513
Website	3	48,200	48,200
Artwork	n/a	15,000	15,000
		1,453,979	1,451,659
Less: Accumulated depreciation		(1,376,221)	(1,200,063)
		$ 77,758	$ 251,596

Depreciation expense for the years ended June 30, 2020 and 2019 was $176,158 and $183,533, respectively.

8. COMMITMENTS AND CONTINGENCIES

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

The Organization signed a lease agreement for office and performance space. The Organization occupies the space under a non-cancelable operating lease that provides for approximate minimum annual rental payments as follows as of June 30, 2020:

For the year ending June 30, 2021	$ 319,569
" " " " June 30, 2022	327,558
For the one month ending July 31, 2022	27,352
Total	$ 674,479

Rent expense, including the adjustment for deferred rent credit, and real estate taxes under the lease for the years ended June 30, 2020 and 2019 was $398,491 and $378,456, respectively.

The Organization has reflected the variance between actual lease payments provided under the operating lease and the straight-line amortization of the lease for financial statement purposes. The balance of the cumulative variance or deferred rent for the years ended June 30, 2020 and 2019 was $97,056 and $131,669, respectively. The financial statements amortize any free rent period over the life of the lease.

The Organization has an open revolving line of credit with a financial institution with a maximum availability of $50,000, The current line of credit agreement expires May 2024. No amounts were borrowed during the years ended June 30, 2020 and 2019.

In May 2013, the Organization entered into a joint-venture agreement with TalentFont Holdings LLC ("TalentFont") to form Kanjy LLC ("Kanjy"), a unique partnership to develop and implement a theatre and screen-specific interactive social network among playwrights, screenwriters, actors, directors, producers, funders, agents and audiences, with a focus on providing a digital platform upon which new voices can be recognized, cultivated and advanced. The collaboration will combine skills, knowledge and experience of the Organization and the expertise in social media, software design, marketing and business management of TalentFont. The Organization is a member in Kanjy with a 9% profit share. The Organization is a member of both TalentFont and Talent Broker Technologies LLC and has a 1.5% profit share in each. There was no activity during years ended June 30, 2020 and 2019.

The Organization has entered into an agreement with a professional employer organization (the "PEO") through the period ended December 31, 2017 with an automatic renewal each year. Under the terms of the agreement, the PEO is a co-employer of the Organization's employees and is obligated to maintain worker's compensation insurance coverage for all covered employees.

9. EMPLOYMENT BENEFIT PLAN

The Organization has a 401(k) salary deferral plan. Under the plan, the Organization may make a matching contribution to the employee plan on a discretionary basis. There was no matching contribution for the years ended June 30, 2020 and 2019.

10. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services has been summarized on the statements of functional expenses. Costs have been allocated among the programs and supporting services based on analysis of 1)-personnel time for employee salaries, payroll taxes and employee benefits, 2)- square footage for rent, utilities, maintenance cost and depreciation expense. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

11. PAYCHECK PROTECTION PROGRAM AND EIDL LOANS PAYABLE

On April 9, 2020, the Organization issued an unsecured promissory note (the “PPP Loan”) for $167,910 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration (“SBA”). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within a 24-week period after the PPP Loan was disbursed (“Covered Period”), and otherwise satisfied PPP requirements. The PPP Loan was made through JPMorgan Chase Bank (the “Lender”), has a two-year term, bears interest at 1.00% per annum, and matures on April 8, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until six months after the end of the Covered Period, or October 2020. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Organization will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the PPP Loan will be forgiven.

On May 5, 2020, the Organization received a loan advance of $10,000 under the Economic Injury Disaster Loan (“EIDL”) program provided by the SBA. The funds were provided as an advance during a loan application process. Subsequent to year end, on January 13, 2021 the Organization received a communication from SBA denying the EIDL loan application, but communicating that the Organization could retain the $10,000 advance payment. This amount will be recognized as income during fiscal year 2021.

12. RISK AND UNCERTAINTIES

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

13. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 23, 2021, the date which the financial statements were available to be issued. Management has determined that there are no material subsequent events that require disclosure in the financial statements.