GOODSPEED OPERA HOUSE FOUNDATION, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2021 and 2020
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,
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, 2021 and 2020, 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, 2021 and 2020, 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.

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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.

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

September 28, 2022

Goodspeed Opera House Foundation, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 2,243,855	$ 401,431	$ 2,645,286	$ 86,317	$ 262,899	$ 349,216
Restricted cash - Shuttered Venue Operators Grant	548,339	-	548,339	-	-	-
Accounts receivable	17,672	-	17,672	161,919	-	161,919
Employee retention tax credit receivable	142,623	-	142,623	-	-	-
Unconditional promises to give	19,870	66,000	85,870	44,758	146,350	191,108
Prepaid expenses	247,015	-	247,015	188,178	-	188,178
Inventory	39,133	-	39,133	40,587	-	40,587
Total current assets	3,258,507	467,431	3,725,938	521,759	409,249	931,008
Investments	13,452,953	7,211,182	20,664,135	12,491,610	7,100,169	19,591,779
Restricted cash	158,241	-	158,241	157,889	-	157,889
Restricted investment	491,706	-	491,706	624,763	-	624,763
Unconditional promises to give, net of current portion	-	45,161	45,161	-	97,835	97,835
Property and equipment, at cost, net of accumulated depreciation	10,647,317	-	10,647,317	11,047,226	-	11,047,226
Total assets	$ 28,008,724	$ 7,723,774	$ 35,732,498	$ 24,843,247	$ 7,607,253	$ 32,450,500
Liabilities and Net Assets						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	$ 530,176	$ -	$ 530,176	$ 676,366	$ -	$ 676,366
Loans payable, current portion	14,024	-	14,024	941,135	-	941,135
Refundable advance - Shuttered Venue Operators Grant	548,339	-	548,339	-	-	-
PPP2/PPP1 loan payable	1,283,271	-	1,283,271	1,283,271	-	1,283,271
Advance subscriptions	1,271,171	-	1,271,171	832,479	-	832,479
Deferred revenue	124,536	-	124,536	98,535	-	98,535
Gift annuity obligations	-	8,129	8,129	-	6,088	6,088
Unredeemed gift certificates	1,058,957	-	1,058,957	1,198,267	-	1,198,267
Deferred compensation plan payable	18,870	-	18,870	200,597	-	200,597
Total current liabilities	4,849,344	8,129	4,857,473	5,230,650	6,088	5,236,738
Loans payable, net of current portion	144,234	-	144,234	156,034	-	156,034
Deferred compensation plan payable	472,836	-	472,836	424,166	-	424,166
Gift annuity obligations, net of current portion	-	25,089	25,089	-	37,703	37,703
Total liabilities	5,466,414	33,218	5,499,632	5,810,850	43,791	5,854,641
Net assets						
Without donor restrictions						
Property and equipment, net	10,647,317	-	10,647,317	11,047,226	-	11,047,226
Board designated - general fund	11,894,993	-	11,894,993	7,985,171	-	7,985,171
Total without donor restrictions	22,542,310	-	22,542,310	19,032,397	-	19,032,397
With donor restrictions	-	7,690,556	7,690,556	-	7,563,462	7,563,462
Total net assets	22,542,310	7,690,556	30,232,866	19,032,397	7,563,462	26,595,859
Total liabilities and net assets	$ 28,008,724	$ 7,723,774	$ 35,732,498	$ 24,843,247	$ 7,607,253	$ 32,450,500

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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue						
Public support						
Membership	$ 201,216	$ 740,603	$ 941,819	$ 274,303	$ 935,396	$ 1,209,699
Contributions	787,646	286,642	1,074,288	1,452,808	38,091	1,490,899
Government grants	116,567	-	116,567	613,799	-	613,799
Shuttered Venue Operators Grant income	3,213,351	-	3,213,351	-	-	-
Contributions of non-financial assets	57,554	-	57,554	42,814	-	42,814
Special events, net of direct costs of $40,158 (2021) and $29,290 (2020)	147,872	-	147,872	125,419	-	125,419
Spending appropriations	234,567	-	234,567	156,343	-	156,343
Gift annuities	-	28,623	28,623	-	25,072	25,072
Net assets released from restriction						
Membership	935,396	(935,396)	-	998,845	(998,845)	-
Contributions	38,091	(38,091)	-	280,430	(280,430)	-
Gift annuities	-	-	-	50,012	(50,012)	-
	5,732,260	82,381	5,814,641	3,994,773	(330,728)	3,664,045
Other revenue						
Admission	1,249,068	-	1,249,068	66,166	-	66,166
Rental income	162,713	-	162,713	148,365	-	148,365
Employee retention tax credit income	142,623	-	142,623	-	-	-
Royalties	109,584	-	109,584	118,889	-	118,889
Education income	100,868	-	100,868	115,810	-	115,810
Concession, net of cost of goods sold of $9,512 (2021)	17,245	-	17,245	-	-	-
Miscellaneous	2,708	-	2,708	10,935	-	10,935
Total public support and other revenue	7,517,069	82,381	7,599,450	4,454,938	(330,728)	4,124,210
Expenses						
Program services	4,369,731	-	4,369,731	4,682,933	-	4,682,933
Supporting services						
Management and general	767,231	-	767,231	811,004	-	811,004
Fundraising	855,438	-	855,438	730,655	-	730,655
Total supporting services	1,622,669	-	1,622,669	1,541,659	-	1,541,659
Total expenses	5,992,400	-	5,992,400	6,224,592	-	6,224,592
Changes in net assets before non-operating activities	1,524,669	82,381	1,607,050	(1,769,654)	(330,728)	(2,100,382)
Non-operating activities						
Investment income	701,973	232,114	934,087	702,016	242,087	944,103
Spending appropriations	-	(234,567)	(234,567)	-	(156,343)	(156,343)
Contributions	-	47,166	47,166	-	61,509	61,509
PPP1 loan forgiveness	1,283,271	-	1,283,271	-	-	-
Reimbursed damages (flood insurance)	-	-	-	56,211	-	56,211
Total net non-operating activities	1,985,244	44,713	2,029,957	758,227	147,253	905,480
Changes in net assets	3,509,913	127,094	3,637,007	(1,011,427)	(183,475)	(1,194,902)
Net assets						
Beginning of year	19,032,397	7,563,462	26,595,859	20,043,824	7,746,937	27,790,761
End of year	$ 22,542,310	$ 7,690,556	$ 30,232,866	$ 19,032,397	$ 7,563,462	$ 26,595,859

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, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 1,977,804	$ 282,307	$ 432,620	$ 714,927	$ 2,692,731
Benefits and payroll taxes	623,456	42,987	68,725	111,712	735,168
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	19,733
Special events expenses	20,333	-	94,155	94,155	114,488
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 and transportation	18,194	62	-	62	18,256
Meals and entertainment	50	445	-	445	495
Miscellaneous	8,890	21,081	2,184	23,265	32,155
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	895,596	1,662,827	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)	(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 Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 1,886,781	$ 252,720	$ 396,585	$ 649,305	$ 2,536,086
Benefits and payroll taxes	740,517	88,259	101,756	190,015	930,532
Artistic and professional fees	155,233	309,999	19,417	329,416	484,649
Dues and subscriptions	18,637	494	494	988	19,625
Conferences, meetings and events	59,235	1,263	1,012	2,275	61,510
Special events expenses	20,626	-	46,472	46,472	67,098
Advertising, promotion and public relations	149,228	199	33,265	33,464	182,692
Production expense	181,949	-	-	-	181,949
Insurance	204,069	28,912	43,962	72,874	276,943
Utilities	203,216	13,617	6,078	19,695	222,911
Maintenance	479,943	8,858	10,913	19,771	499,714
Security	4,644	408	-	408	5,052
Performance rights and royalties	12,369	-	-	-	12,369
Office supplies	15,245	2,069	1,819	3,888	19,133
Computer expense	37,421	12,559	11,715	24,274	61,695
Telephone, cable and internet	68,712	6,627	2,672	9,299	78,011
Postage, printing and reproduction	10,966	-	5,986	5,986	16,952
Real estate taxes	30,650	2,799	-	2,799	33,449
Investment and finance fees	-	30,611	-	30,611	30,611
Travel and transportation	11,147	534	-	534	11,681
Miscellaneous	43,643	1,478	2,383	3,861	47,504
Depreciation	348,702	49,598	75,416	125,014	473,716
Total expenses	4,682,933	811,004	759,945	1,570,949	6,253,882
Less expenses included with revenues on the consolidated statement of activities					
Direct costs of special events	-	-	(29,290)	(29,290)	(29,290)
	$ 4,682,933	$ 811,004	$ 730,655	$ 1,541,659	$ 6,224,592

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, 2021 and 2020

	2021	2020
Operating and non-operating activities		
Changes in net assets	$ 3,637,007	$ (1,194,902)
Adjustments to reconcile changes in net assets to		
net cash provided by (used in) operating and non-operating activities		
Depreciation	454,056	473,716
Bad debt expense	60,856	-
Reserve for construction costs	-	340,000
Net (gain) loss on gift annuity obligations	3,595	(3,869)
Net gain on deferred compensation investment	(46,473)	(90,910)
Donated securities	(121,153)	(66,135)
Realized gain on sale of investments and donated securities	(12,160)	(1,291,769)
Unrealized (gain) loss on investments and donated securities	(250,060)	821,590
Endowment contributions	(35,783)	(29,000)
Change in present value and allowance for uncollectible promises to give	(583)	(14,641)
PPP1 loan forgiveness	(1,283,271)	-
Changes in assets and liabilities		
Accounts receivable	83,391	(38,934)
Employee retention tax credit receivable	(142,623)	-
Unconditional promises to give	158,495	70,198
Prepaid expenses	(58,837)	104,904
Inventory	1,454	756
Accounts payable and accrued expenses	(146,190)	(32,799)
Refundable advance - Shuttered Venue Operators Grant	548,339	-
Advance subscriptions	438,692	(676,645)
Deferred revenue	26,001	14,872
Unredeemed gift certificates	(139,310)	494,740
Deferred compensation plan payable	(133,057)	(108,137)
Net cash provided by (used in) operating and non-operating activities	3,042,386	(1,197,965)
Investing activities		
Purchase of property and equipment	(54,147)	(266,924)
Purchase of investments	(4,101,594)	(7,177,233)
Proceeds from sales of investments and donated securities	3,412,611	6,496,598
Disbursement from deferred compensation plan	179,530	267,548
Payments toward deferred compensation plan payable	-	(68,501)
Net cash used in investing activities	(563,600)	(748,512)
Financing activities		
Annuity payments	(14,168)	(15,125)
Endowment contributions	35,783	29,000
Withdrawals of loans payable	-	5,745,822
Principal payments on loans payable	(938,911)	(5,268,937)
PPP1 loan proceeds received	-	1,283,271
PPP2 loan proceeds received	1,283,271	-
EIDL loan proceeds received	-	150,000
Net cash provided by financing activities	365,975	1,924,031
Net change in cash, cash equivalents and restricted cash	2,844,761	(51,446)
Cash, cash equivalents and restricted cash		
Beginning of year	507,105	558,551
End of year	$ 3,351,866	$ 507,105
Supplemental disclosure		
Interest paid	$ 33,329	$ 29,861

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 be the leader in preserving and producing musical theatre of the highest quality by:

- Rethinking, restoring and producing works that are valued and significant in the history of musical theatre;
- Developing new musical theatre works;
- Nurturing the talents of new composers, lyricists and librettists;
- Encouraging and developing the talents of artists, technicians, and administrators;
- Inspiring future audiences through education programs and outreach efforts;
- Preserving and expanding the archival collections of its Scherer Library of Musical Theatre and making them available for professional use;
- Maintaining the Goodspeed Opera House, a national historic landmark.

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 and conform to the accounting principles generally accepted in the United States of America (“GAAP”) and accordingly, reflect all significant receivables, payables, and other liabilities.

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 earned, 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 have the following recurring fair value measurements as of December 31, 2021 and 2020, respectively:

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 for these items in excess of $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 reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization and Subsidiary reclassifies 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. The Organization and Subsidiary also maintain scenery and costume inventories of past productions. The Organization and Subsidiary is 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, 2021 and 2020 was $152,709 and $37,945, respectively, which are included in advertising, promotion and public relations on 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 accounting principles generally accepted in the United States of America 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, the present value of unconditional promises to give and management's estimate of the allocation of salary and overhead expenses to restricted grants. 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, 2021 and 2020, the Organization had approximately $1,675,000 and $1,550,000, respectively, in unrelated business net operating losses carried forward. 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, 2021 and 2020, the Subsidiary had approximately $106,000 and $81,000, 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.

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 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.

Revenue from Contracts with Customers - The Organization and Subsidiary accounts for admissions, royalties, concessions and education income as exchange transactions in the 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.

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.

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.

Revenue from Contracts with Customers
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. Education income is recognized over time as the program occurs. Concession income is recognized when the sale 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, 2021 and 2020 were $17,672 and $161,919, respectively. Contract liabilities as of December 31, 2021 and 2020 were $2,454,664 and $2,129,281, respectively. Accounts receivable and contract liabilities as of January 1, 2020 were $161,919 and $122,985, respectively.

Reclassifications
Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform 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 has 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 expects 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, 2021 and 2020, net investment earnings of the board designated net assets were $701,973 and $702,016, respectively. During the years ended December 31, 2021 and 2020, the additions (withdrawals) to the general endowment fund totaled $3,207,849 and ($1,166,651), respectively.

Net Assets With Donor Restrictions

The following net assets are restricted for the following purposes:

	2021	2020
Grants and contributions (subject to expenditure for specific purpose)		
Future periods and programs		
Membership income	$ 740,603	$ 935,396
Capital campaign (Note 8)	628,693	628,693
Future programs and periods	330,246	38,090
Gift annuity funds	247,782	262,762
	1,947,324	1,864,941
Less: Discount to present value	(10,387)	(21,768)
	1,936,937	1,843,173
Accumulated endowment earnings	1,004,149	1,006,602
	2,941,086	2,849,775
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	1,574,986	1,552,336
Musical theater education and related programs	1,415,496	1,404,496
Library	239,930	238,930
Opera House	71,000	71,000
Internships	50,000	50,000
New Works Fund	27,045	25,000
	4,778,457	4,741,762
Less: Allowance for uncollectible promises to give	(23,000)	(23,000)
Less: Discount to present value	(5,987)	(5,075)
	4,749,470	4,713,687
Total net assets with donor restrictions	$ 7,690,556	$ 7,563,462

Endowment Policy

At the donors' request, 5% of the balances of the Musical Theater Education and Related Programs and Library 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, 2021 and 2020, investment income on the endowments were $232,114 and $242,087, respectively. During the years ended December 31, 2021 and 2020, the distribution was $234,567 and $156,343, respectively.

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, 2021, the Fund balance net of discount and allowance was $1,545,999. As of December 31, 2020, the Fund balance net of discount and allowance was $1,524,261.

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, 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

Changes in endowment assets are as follows for the year ended December 31, 2020:

Endowment net assets, December 31, 2019	$ 5,604,885
Contributions	29,000
Net investment income	242,087
Appropriation for spending	(156,343)
Reversal of underwater endowments	2,160
Increase in reserve for uncollectable	(1,500)
Endowment net assets, December 31, 2020	$ 5,720,289

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2021 and 2020, 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:

	2021	2020
Financial assets		
Cash and cash equivalents	$ 2,243,855	$ 86,317
Accounts receivable	17,672	161,919
Employee retention tax credit receivable	142,623	-
Unconditional promises to give	19,870	44,758
Investments	13,452,953	12,491,610
	15,876,973	12,784,604
Liquidity resources		
Unused line of credit	2,500,000	1,574,114
Less: Board designated net assets - general fund	(11,894,993)	(7,985,171)
Total financial assets and liquidity resources available within one year	$ 6,481,980	$ 6,373,547

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 sell subscriptions at the beginning of the season to have cash on hand to pay for operating expenditures. In addition, 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 general endowment 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 general endowment 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 maintains cash and cash equivalent balances at several financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation for $250,000 per institution. As of December 31, 2021, the Organization's uninsured cash balances totaled $2,330,245. As of December 31, 2020, the Organization had no uninsured cash and cash equivalents. The Organization has not experienced and does not expect to experience any losses in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Organization and Subsidiary maintain investment balances at several financial institutions. The balances are insured by the Securities Investor Protection Corporation ("SIPC") for $500,000. The SIPC does not protect investors from market risks. As of December 31, 2021 and 2020, the Organization's uninsured investment balances totaled $20,225,502 and $18,846,655, respectively.

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 these securities will occur in the near term.

As of December 31, 2021 and 2020, restricted cash consisted of a restricted certificate of deposit of $121,658 and $121,306, respectively, which is pledged as collateral to meet the requirements of the Actors' Equity Association Union Agreement. As of December 31, 2021 and 2020, restricted cash also included $36,583, 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, 2021 and 2020 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, 2021 and 2020. There were no changes in investment leveling methodologies for the years ended December 31, 2021 and 2020.

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 bank loans	312,666	-	-	312,666
Federal money market fund	1,654,525	-	-	1,654,525
	$ 20,664,135	$ -	$ -	$ 20,664,135

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 4,997,391	$ -	$ -	$ 4,997,391
Closed-end fixed income				
Intermediate investments funds	1,520,634	-	-	1,520,634
Long-term investment funds	1,257,624	-	-	1,257,624
Short-term investment funds	2,276,699	-	-	2,276,699
Bond market index funds	5,046,249	-	-	5,046,249
US and other bond obligations	2,656,548	-	-	2,656,548
High-yield funds	304,514	-	-	304,514
Federal money market fund	1,532,120	-	-	1,532,120
	$ 19,591,779	$ -	$ -	$ 19,591,779

A financial institution has filed a secured interest in the Organization's investments (valued at approximately $3.2 million as of December 31, 2021 and $2.9 million as of December 31, 2020) 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 $491,706 and $624,763, respectively, as of December 31, 2021 and 2020.

Investment Income

Investment income consists of the following for the years ended December 31:

	2021	**2020**
Interest and dividend income	$ 721,382	$ 513,459
Unrealized gain/(loss) on investments	250,060	(821,590)
Realized gain on sale of investments	12,160	1,291,769
Administrative fees	(49,515)	(39,535)
	$ 934,087	$ 944,103

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%.

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

Unconditional promises to give consist of the following at December 31, 2020:

	Less Than One Year	Two to Five Years	Total
Without donor restrictions	$ 44,758	$ -	$ 44,758
With donor restrictions	174,350	115,000	289,350
	219,108	115,000	334,108
Less: Reserve for uncollectible	(28,000)	-	(28,000)
Less: Discount for present value	-	(17,165)	(17,165)
	$ 191,108	$ 97,835	$ 288,943

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	Life/Years	2021	2020
Land	n/a	$ 664,144	$ 664,144
Building and improvements	4-40	19,005,981	19,005,981
Furniture, fixtures, and equipment	3-30	2,522,802	2,468,655
Vehicles	5	442,524	442,524
		22,635,451	22,581,304
Less: Accumulated depreciation		(12,489,064)	(12,035,008)
Construction in process (note 8)	n/a	500,930	500,930
		$ 10,647,317	$ 11,047,226

Depreciation expense for the years ended December 31, 2021 and 2020 was $454,056 and $473,716, respectively.

Building and improvements include certain amounts funded by the Department of Economic and Community Development and therefore have certain term restrictions (see Notes 8 and 12h).

8. CAPITAL CAMPAIGN

The Organization launched a $7 million capital campaign (the "Campaign") to renovate the Goodspeed Opera House. The Organization received a $2.9 million grant from the Department of Economic and Community Development. The remaining amounts will be raised from donors and board members. 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). As of December 31, 2020, the Organization has received $628,693, including pledges of $176,850 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, 2021 and 2020, $500,930 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, 2021 and 2020 was $33,218 and $43,791, 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 year ended December 31, 2021, the Organization did not contribute to the plan. During the year ended December 31, 2020, the Organization contributed $68,501 to the plan. As of December 31, 2021 and 2020, the balance of the deferred compensation payable is $491,706 and $624,763, 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, 2021 and 2020, respectively:

	2021	2020
Cash	$ 2,645,286	$ 349,216
Restricted cash - Shuttered Venue Operators Grant	548,339	-
Restricted cash	158,241	157,889
	$ 3,351,866	$ 507,105

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 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, 2021 and 2020 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 eurorate (2.25% as of December 31, 2021 and 2020, respectively). As of December 31, 2021, there was no amount outstanding. As of December 31, 2020, the amount outstanding was $925,886. 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, 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 $3.2 million as of December 31, 2021 and $2.9 million as of December 31, 2020), 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 and 2020, the amount outstanding on the loan was $8,258 and $16,537, respectively. The loan expires on December 1, 2022.

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, 2021, no amounts have been repaid. The loan is due as follows:

Due during the year ending December 31, 2021	$	2,095
" " " " " December 31, 2022		3,671
" " " " " December 31, 2023		3,773
" " " " " December 31, 2024		3,878
" " " " " December 31, 2025		3,985
Thereafter, through May 31, 2051		132,598
	$	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, three of the five 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 14% and 20% of the Organization’s employees and contractors are participants in multiemployer plans for the years ended December 31, 2021 and 2020, respectively. Pension and welfare expense associated with multiemployer plans amounted to $67,199 and $21,738 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Organization has advanced the Trust $133,566 and $106,824, respectively, which is reflected in prepaid expenses on the consolidated statements of financial position. Unemployment benefits charges paid for the years ended December 31, 2021 and 2020 were $94,293 and $235,625, 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 terms of agreement after construction is completed, the Organization is obligated to use the property as a theatre for ten years.

h) The Organization and Subsidiary have employment agreements that extend through December 31, 2024. The aggregated commitment under these agreements is approximately $1,200,000 on December 31, 2021.

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. 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, 2021 and 2020, respectively, the Organization did not contribute to the plan.

14. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization received donated services and materials during the years ended December 31, 2021 and 2020 support of its programs and operations. The fair market value has been recorded in the accompanying consolidated financial statements in special event expenses on the consolidated statements of functional expenses.

15. NEW ACCOUNTING PRONOUNCEMENT ISSUED NOT YET EFFECTIVE

In February 2016, 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 all of the Organization and Subsidiary’s lease obligations. This ASU is currently effective for years beginning after December 15, 2021 (fiscal year 2022).

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 (fiscal year 2022), 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.

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

16. 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 depreciation, which is allocated on a square footnote basis, as well as salaries, employee benefits, payroll taxes, office supplies, maintenance, utilities, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

17. 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. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations.

18. 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, 2021 were $3,213,351 which has been recognized as revenue during the year ended December 31, 2021. The remaining balance of $548,339 is shown on the consolidated statements of financial position as a refundable advance.

19. 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. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed, and otherwise satisfied PPP requirements. The PPP2 Loan was made through Northeast Bank, has a five-year term, bears interest at 1.00% per annum, and matures on April 27, 2028. The PPP2 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 PPP2 Loan will be forgiven. The Organization anticipates forgiveness of the PPP2 loan in the near term, and, therefore, the full amount has been reflected as a current liability on the consolidated statements of financial position.

Future maturities of the PPP2 Loan, assuming it is not forgiven, are as follows for the year ending December 31:

Due during the year ending December 31, 2022	$	106,939
" " " " " December 31, 2023		256,654
" " " " " December 31, 2024		256,654
" " " " " December 31, 2025		256,654
" " " " " December 31, 2026		256,654
Thereafter		149,716
	$	1,283,271

20. 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.

21. EVALUATION OF SUBSEQUENT EVENTS

The Organization and Subsidiary have evaluated subsequent events through September 28, 2022, 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.