

PEOPLE'S THEATRE PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

PEOPLE'S THEATRE PROJECT, INC.
TABLE OF CONTENTS
JUNE 30, 2021 WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2020

	Page No.
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
People's Theatre Project, Inc.
New York, NY

We have audited the accompanying financial statements of People's Theatre Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People's Theatre Project, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2021, People's Theatre Project, Inc. adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective method applied to all contracts. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited People's Theatre Project, Inc.'s 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
January 21, 2022

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

(With summarized comparative information for the year ended June 30, 2020)

ASSETS	2021	2020
Current assets		
Cash and cash equivalents	\$ 540,136	\$ 513,206
Accounts receivable	25,579	58,756
Grants and contributions receivable, net	455,537	344,920
Prepaid expenses	3,463	10,112
Total current assets	1,024,715	926,994
Property and equipment, net of accumulated depreciation	4,513	6,610
Other assets		
Grants and contributions receivable, noncurrent	240,532	409,598
Security deposits	8,200	8,200
Total other assets	248,732	417,798
TOTAL ASSETS	\$ 1,277,960	\$ 1,351,402
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 47,928	\$ 23,972
Grant advance- paycheck protection program	139,029	109,254
Total current liabilities	186,957	133,226
Net assets		
Without donor restrictions	411,471	334,328
With donor restrictions	679,532	883,848
Total net assets	1,091,003	1,218,176
TOTAL LIABILITIES AND NET ASSETS	\$ 1,277,960	\$ 1,351,402

The accompanying notes are an integral part of these financial statements.

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative information for the year ended June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenue and support				
Grants and contributions				
Government	\$ 287,254	\$ 41,000	\$ 328,254	\$ 254,110
Foundations	112,602	57,500	170,102	1,040,798
Corporate	29,151	76,000	105,151	130,740
Board and individuals	64,203	-	64,203	169,885
Special events contributions	38,212	-	38,212	12,692
Total grants and contributions	<u>531,422</u>	<u>174,500</u>	<u>705,922</u>	<u>1,608,225</u>
Program service revenue				
Program service revenue	99,378	-	99,378	149,643
Total program service revenue	<u>99,378</u>	<u>-</u>	<u>99,378</u>	<u>149,643</u>
Other income				
Other revenue	1,508	-	1,508	6,610
Total other income	<u>1,508</u>	<u>-</u>	<u>1,508</u>	<u>6,610</u>
Net assets released from restrictions	378,816	(378,816)	-	-
	<u>1,011,124</u>	<u>(204,316)</u>	<u>806,808</u>	<u>1,764,478</u>
Expenses				
Program services	695,693	-	695,693	663,435
Supporting services				
Management and general	94,251	-	94,251	102,414
Fundraising	144,037	-	144,037	118,790
	<u>933,981</u>	<u>-</u>	<u>933,981</u>	<u>884,639</u>
Change in net assets	77,143	(204,316)	(127,173)	879,839
Net assets - beginning of year	334,328	883,848	1,218,176	338,337
Net assets - end of year	<u>\$ 411,471</u>	<u>\$ 679,532</u>	<u>\$ 1,091,003</u>	<u>\$ 1,218,176</u>

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative information for the year ended June 30, 2020)

	Program Services	Management & General	Fundraising	2021 Total	2020 Total
Salaries and wages	\$ 491,156	\$ 21,794	\$ 89,544	\$ 602,494	\$ 589,127
Payroll taxes and fringe benefits	104,184	7,282	25,629	137,095	99,805
Occupancy	51,860	891	4,078	56,829	63,221
Administrative and professional fees	21,674	52,844	16,340	90,858	52,169
Other expenses	1,330	120	61	1,511	26,838
Meals, entertainment and event expenses	-	-	-	-	-
Equipment and office supplies	1,468	105	154	1,727	9,462
Computer and software expenses	4,665	109	6,022	10,796	8,320
Payroll service fees	-	5,683	-	5,683	5,952
Credit card fees and bank charges	-	3,438	-	3,438	5,562
Conferences, conventions, and meetings	5,485	950	161	6,596	4,967
Telephone	4,593	182	832	5,607	4,035
Insurance	2,980	121	552	3,653	3,290
Marketing and promotion	673	27	125	825	2,960
Travel	2,352	129	-	2,481	2,789
Professional development	294	12	64	370	2,166
Depreciation	1,711	69	317	2,097	1,910
Dues and subscriptions	1,148	493	149	1,790	1,081
Printing and reproduction	-	-	-	-	844
Postage and delivery	120	2	9	131	141
	\$ 695,693	\$ 94,251	\$ 144,037	\$ 933,981	\$ 884,639

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With summarized comparative information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (127,173)	\$ 879,839
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	2,097	1,910
Discount (amorziation of discount) on grants and contributions receivable	(35,434)	85,402
Forgiveness of paycheck protection program	(109,254)	-
(Increase) decrease in operating assets:		
Accounts receivable	33,177	26,943
Grants and contributions receivable	93,883	(658,179)
Prepaid expenses	6,649	(1,966)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	23,956	(1,908)
Grant advance- paycheck protection program	139,029	109,254
Total adjustments	<u>154,103</u>	<u>(438,544)</u>
Net cash provided by operating activities	<u>26,930</u>	<u>441,295</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(978)
Net cash used in investing activities	<u>-</u>	<u>(978)</u>
Net increase in cash and cash equivalents	26,930	440,317
Cash and cash equivalents, beginning of year	513,206	72,889
Cash and cash equivalents, end of year	<u>\$ 540,136</u>	<u>\$ 513,206</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosures of non-cash activity:		
Forgiveness of paycheck protection program	<u>\$ 109,254</u>	<u>\$ -</u>

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Rooted in Washington Heights and Inwood, People's Theatre Project (PTP) makes theatre with and for immigrant communities to build a more just and equitable world.

The Organization's programs are supported primarily by government, foundation, individual corporate donor contributions, in addition to program service revenues related to its exempt purpose.

Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents. Restricted cash consists of cash or cash equivalents held for endowments, special projects, or other long-term purposes. There was no restricted cash for the year ended June 30, 2021.

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount received is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

Costs of Direct Benefits to Donors – The cost of the items and services furnished to donors as inducements to attend the Organization's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables (Cont'd)

In-Kind Contributions and Contributed Services – The value of services, facilities, and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. Donated assets are capitalized at fair value at the date of donation and recorded as in-kind contributions with or without donor restrictions, depending on the wishes of the donor. A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Grants and Contributions Receivable - Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate risk-adjusted rate of return at the date of the promises to give. Amortization of the discount is included in grants and contributions in the statement of activities. The Organization uses the allowance method to determine uncollectible pledged contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Program Service Revenue – Contracted service fee is generated by conducting in-school programs led by teaching artists. Fees are recognized upon satisfaction of service obligations. One-off workshop and lecture fees are recognized when the service obligation is satisfied.

Accounts Receivable – Accounts receivable represents program service revenue that has been recognized but not collected as of the financial statement date at amounts expected to be collected. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable.

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment. Contract liabilities are recognized when the Organization has an obligation to transfer goods or service to a customer for which the Organization has received consideration from the customer (or payment is due), but the transfer has not yet been completed. As of June 30, 2021, there are no contract assets nor liabilities.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3-5
Leasehold improvements	Lease term

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Adoption of Accounting Standard

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, using the modified retrospective applied to all contracts. There were no material changes to the timing of recognition of revenue and therefore no material impact to the statement of financial position upon adoption.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new ASU establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

The Organization is currently evaluating the effect that these updates will have on its financial statements.

Reclassifications

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Paycheck Protection Program

The Organization has elected to account for the Paycheck Protection Program (“PPP”) loan under ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) based on management’s continued belief from loan inception to date that forgiveness is probable. In accordance with the standard, the Organization records the cash inflow of the PPP loan as a grant advance liability. The Organization reduces the liability by recognizing government grant income once the conditions for the grant are substantially met. The Organization has elected to recognize government grant income when the conditions for the grant are explicitly waived by the Small Business Administration (“SBA”). Loan proceeds expected and not expected to be forgiven are reported on the statement of cash flows as operating activities and financing activities, respectively. No interest or accrued interest expense is recognized.

Use of Estimates

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

Comparative Data

The amounts shown for the year ended June 30, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization’s audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization does not have any unrelated business income

The Organization’s Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended June 30, 2020, 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2021, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Marketing and Promotion Costs

The Organization's policy is to expense marketing and promotion costs as they are incurred.

2) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	419,836
Accounts receivable		25,579
Grants and contributions receivable		<u>151,837</u>
Total	\$	<u>597,252</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3) FAIR VALUE MEASUREMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

4) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2021. Depreciation for the year ended June 30, 2021 was \$2,097.

Equipment	\$	8,329
Leasehold improvements		<u>2,155</u>
		10,484
Less: accumulated depreciation		<u>5,971</u>
	\$	<u>4,513</u>

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

5) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2021 consists of the following:

The Pierre and Tana Matisse Foundation	\$ 495,000
New York City Department of Cultural Affairs	117,400
Division of Child and Adolescent Psychiatry of Columbia University Irving Medical Center	60,000
Howard Gilman Foundation	25,000
New York Presbyterian Foundation	25,000
Various	<u>23,637</u>
	746,037
Less; Discount to present value	<u>(49,968)</u>
Total	<u>\$ 696,069</u>

Grants and contributions receivable are due as follows:

Within one year	\$ 455,537
In one to three years	<u>290,500</u>
	746,037
Less; Discount to present value	<u>(49,968)</u>
Total	<u>\$ 696,069</u>

The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended. Grants and contributions receivable for periods after one year are discounted to net present value using a discount rate of 5%.

6) COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

7) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, occupancy, equipment and office supplies, telephone, insurance, depreciation, dues and subscriptions, and postage and delivery, which are allocated on the basis of estimates of time and effort.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

8) SPECIAL EVENTS DISCUSSION

During the year ended June 30, 2021, the Organization held a virtual gala online. There were no direct expenses associated with the event (e.g. venue rental, catering, gifts). And all contributions were 100% tax-deductible. Accordingly, there were no costs of direct special events included in these financial statements.

9) NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified purpose:

PTP Academy	\$ 531,032
PTP Partnership	40,000
PTP Company	25,000
Workforce Expansion	25,000
After-School and Summer-Theatre Arts	17,500
Arts Education	10,500
COVID-19 Re-Opening for Live Events	10,000
Theatre	<u>5,500</u>
	664,532

Subject to passage of time:

For periods after June 30, 2021	<u>15,000</u>
Total net assets with donor restrictions	<u>\$ 679,532</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Expiration of time restrictions	\$ 160,550
Satisfaction of purpose restrictions	
PTP Academy	168,066
PTP Company	32,700
Full-Time Development Position	<u>17,500</u>
	<u>218,266</u>
Total restrictions released	<u>\$ 378,816</u>

10) MARKETING AND PROMOTION COSTS

For the year ended June 30, 2021, marketing and promotion costs totaled \$2,960.

PEOPLE’S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT’D)
JUNE 30, 2021

11) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM

On April 23, 2020, the Organization was approved for loan proceeds in the amount of \$109,254 from Brooklyn Cooperative Federal Credit Union (“BCFCU”), pursuant to the PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act (“CARES Act”), and administered by the SBA. On March 11, 2021 the Organization received notification that the SBA approved forgiveness of the entire PPP loan.

On January 28, 2021 the Organization was approved for second loan proceeds in the amount of \$139,029 from BCFCU. The original terms of the loan included maturity on February 10, 2023 and bears interest at a rate of 1% per annum, payable monthly commencing on May 1, 2027. On October 22, 2021 the Organization received notification that the SBA approved forgiveness of the entire second PPP loan.

The Organization is required to maintain PPP documentation for six years and must furnish them to the SBA and/or BCFCU upon request.

12) LEASE COMMITMENTS

The Organization leases office and studio space in New York City under non-cancelable operating leases which were scheduled to expire on December 31, 2021 and August 7, 2021, respectfully. As of May 31, 2021 the Organization fully vacated the office space due to remote working. On September 1, 2021, the Organization extended its studio space to November 30, 2024. Occupancy expense for the year ended June 30, 2021 was \$56,829. The difference between rent expense incurred by the Organization on the straight-line basis and cash paid for rent was deemed immaterial by management and thus is reported on a cash paid basis.

Future minimum lease payments under the non-cancelable leases are as follows:

Year Ending	
June 30,	
2022	\$ 26,112
2023	25,800
2024	25,800
2025	10,750
Thereafter	-
Total	<u>\$ 88,462</u>

13) CONCENTRATIONS OF RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of June 30, 2021, uninsured balances totaled \$291,651. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021

13) CONCENTRATIONS OF RISK (CONT'D)

During the year ended June 30, 2021, the Organization recognized government funding from New York Department of Cultural Affairs and Small Business Administration (PPP loan #1 – see Note 11) totaling \$147,000 and \$109,254, respectively, which represent approximately 36% of total grants and contributions.

14) DISSAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended June 30, 2021:

Revenue recognized at a point in time:	
Program service revenue	\$ 99,378
Total revenue recognized at a point in time	99,378
Total revenue from contracts with customers	<u>\$ 99,378</u>

15) COVID-19 AND SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization recognized the novel strain of coronavirus COVID-19, as a pandemic. In direct response, on March 22, 2020, the Governor of New York State issued executive order *New York State on PAUSE*, which closed all non-essential businesses state-wide. The coronavirus outbreak has severely impacted economic activity across the world. The Organization's Board of Directors ("Board") and Management are in discussion to identify and limit the negative long-term implications of this pandemic to the Organization.

Since the start of the pandemic, the Organization's staff has operated remotely. At the moment, there is no official timetable for returning administrative operations to a physical office, but the Board and Management are in periodic discussions regarding this matter and will take action when it is deemed most suitable for the organization. The Organization's programs are currently operated in person at the studio space.

To date, the Organization was able to secure \$248,283 in COVID-19 related relief, which includes the first PPP loan totaling \$109,254 and a second PPP loan totaling \$139,029. Both PPP loans were fully forgiven and do not need to be repaid. The Organization believes that this money will help alleviate effects on potential short-term cash requirement. Given the uncertainty of the spread and long-term impacts of COVID-19, the related financial impact to the Organization, if any, cannot be determined at this time.

Management has evaluated subsequent events through January 21, 2022, which is the date the financial statements were available to be issued.