

PEOPLE'S THEATRE PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

PEOPLE'S THEATRE PROJECT, INC.
TABLE OF CONTENTS
JUNE 30, 2020 WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019

	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	7-15

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, 2020, 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, 2020, 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, 2020, People's Theatre Project, Inc. adopted Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2020, People's Theatre Project, Inc. adopted Accounting Standards Update No. 2016-15, *Statement of Cash Flows* (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*, and Accounting Standards Update No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. 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 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
February 2, 2021

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

(With summarized comparative information for the year ended June 30, 2019)

ASSETS	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 513,206	\$ 72,889
Accounts receivable	58,756	85,699
Grants and contributions receivable	344,920	181,741
Prepaid expenses	10,112	8,146
Total current assets	<u>926,994</u>	<u>348,475</u>
Property and equipment, net of accumulated depreciation	6,610	7,542
Other assets		
Grants and contributions receivable, noncurrent	409,598	-
Security deposits	8,200	8,200
Total other assets	<u>417,798</u>	<u>8,200</u>
TOTAL ASSETS	<u><u>\$ 1,351,402</u></u>	<u><u>\$ 364,217</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 23,972	\$ 25,880
Grant advance- paycheck protection program	109,254	-
Total current liabilities	<u>133,226</u>	<u>25,880</u>
Net assets		
Without donor restrictions	334,328	249,487
With donor restrictions	883,848	88,850
Total net assets	<u>1,218,176</u>	<u>338,337</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,351,402</u></u>	<u><u>\$ 364,217</u></u>

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

(With summarized comparative information for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenue and support				
Grants and contributions				
Foundations	\$ 279,000	\$ 761,798	\$ 1,040,798	\$ 236,000
Government	205,110	41,000	246,110	253,425
Board and individuals	104,835	65,050	169,885	66,168
Corporate	114,740	16,000	130,740	26,570
Special events income	12,692	-	12,692	74,881
Less: cost of direct benefits to donors	-	-	-	(16,464)
	<u>12,692</u>	<u>-</u>	<u>12,692</u>	<u>58,417</u>
Other contribution	8,000	-	8,000	-
In-kind contributions	-	-	-	6,000
Total grants and contributions	<u>724,377</u>	<u>883,848</u>	<u>1,608,225</u>	<u>646,580</u>
Program service revenue				
Program service revenue	149,643	-	149,643	202,799
Total program service revenue	<u>149,643</u>	<u>-</u>	<u>149,643</u>	<u>202,799</u>
Other income				
Other revenue	6,610	-	6,610	3,551
Total other income	<u>6,610</u>	<u>-</u>	<u>6,610</u>	<u>3,551</u>
Net assets released from restrictions	<u>88,850</u>	<u>(88,850)</u>	<u>-</u>	<u>-</u>
	<u>969,480</u>	<u>794,998</u>	<u>1,764,478</u>	<u>852,930</u>
Expenses				
Program services	663,435	-	663,435	667,649
Supporting services				
Management and general	102,414	-	102,414	108,373
Fundraising	118,790	-	118,790	69,922
	<u>884,639</u>	<u>-</u>	<u>884,639</u>	<u>845,944</u>
Change in net assets	84,841	794,998	879,839	6,986
Net assets - beginning of year	249,487	88,850	338,337	331,351
Net assets - end of year	<u>\$ 334,328</u>	<u>\$ 883,848</u>	<u>\$ 1,218,176</u>	<u>\$ 338,337</u>

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

(With summarized comparative information for the year ended June 30, 2019)

	Program Services	Management & General	Fundraising	Cost of Direct Benefits to Donors	2020 Total	2019 Total
Salaries and wages	\$ 483,435	\$ 15,582	\$ 90,110	\$ -	\$ 589,127	\$ 548,571
Payroll taxes and fringe benefits	81,482	3,422	14,901	-	99,805	78,886
Occupancy	55,474	3,316	4,431	-	63,221	74,962
Administrative and professional fees	7,870	41,763	2,536	-	52,169	78,867
Other expenses	5,400	21,438	-	-	26,838	3,065
Meals, entertainment and event expenses	-	-	-	-	-	13,964
Equipment and office supplies	8,321	153	988	-	9,462	7,847
Computer and software expenses	5,081	77	3,162	-	8,320	6,204
Payroll service fees	-	5,952	-	-	5,952	5,020
Credit card fees and bank charges	-	5,562	-	-	5,562	927
Conferences, conventions, and meetings	1,557	3,197	213	-	4,967	14,950
Telephone	3,326	98	611	-	4,035	3,838
Insurance	2,705	81	504	-	3,290	2,732
Marketing and promotion	2,235	350	375	-	2,960	3,486
Travel	1,451	1,324	14	-	2,789	3,018
Professional development	1,657	12	497	-	2,166	8,485
Depreciation	1,571	47	292	-	1,910	1,749
Dues and subscriptions	914	24	143	-	1,081	5,203
Printing and reproduction	844	-	-	-	844	562
Postage and delivery	112	16	13	-	141	72
Total expenses by function	663,435	102,414	118,790	-	884,639	862,408
Less expenses included with revenue on the statement of activities						
Cost of direct benefits to donors	-	-	-	-	-	(16,464)
Total expenses included in the expense section on the statement of activities	\$ 663,435	\$ 102,414	\$ 118,790	\$ -	\$ 884,639	\$ 845,944

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With summarized comparative information for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 879,839	\$ 6,986
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	1,910	1,749
Discount on grants and contributions receivable	85,402	-
(Increase) decrease in operating assets:		
Accounts receivable	26,943	(39,915)
Grants and contributions receivable	(658,179)	(35,831)
Prepaid expenses	(1,966)	(4,808)
Security deposits	-	4,450
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,908)	15,230
Grant advance- paycheck protection program	109,254	-
Total adjustments	<u>(438,544)</u>	<u>(59,125)</u>
Net cash provided by (used in) operating activities	<u>441,295</u>	<u>(52,139)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(978)	(5,070)
Net cash used in investing activities	<u>(978)</u>	<u>(5,070)</u>
Net increase (decrease) in cash and cash equivalents	440,317	(57,209)
Cash and cash equivalents, beginning of year	72,889	130,098
Cash and cash equivalents, end of year	<u>\$ 513,206</u>	<u>\$ 72,889</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ -</u>	<u>\$ -</u>

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Nature of the Organization

Rooted in Upper Manhattan, People's Theatre Project, Inc. (the "Organization") is an arts and social justice organization that creates ensemble-based theatre with and for immigrant communities to develop generations of diverse, socially-engaged artists and leaders.

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, 2020.

Accounts Receivable

Program service revenues earned but not yet received that are expected to be collected within one year are recorded as accounts receivable at net realizable value. 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 receivables. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful account was recorded for the year ended June 30, 2020.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as pledges and grants receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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, 2020

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 that 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.

Marketing and Promotion Costs

The Organization's policy is to expense marketing and promotion costs as they are incurred. For the year ended June 30, 2020, marketing and promotion costs totaled \$2,960.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

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

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions 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 are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed rent is recorded at fair value as determined by management.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the standard should assist entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The guidance applicable to resource recipients is effective for fiscal years beginning after June 15, 2018, and the guidance applicable to resource providers is effective for fiscal years beginning after December 15, 2018. On July 1, 2019, the Organization adopted ASU No. 2018-08. There were no material changes to the financial statements upon adoption.

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows* (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. This standard provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. There were no changes for the Organization upon adoption of these provisions in the accompanying financial statements.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

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

Recent Accounting Pronouncements

In May 2014, the FASB issued an ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606) which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively. The effective date of this standard has been delayed to annual periods beginning after December 15, 2019 and in interim periods in annual periods beginning after December 15, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet 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.

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

Grant Advance - Paycheck Protection Program

The Organization has elected to account for the Paycheck Protection Program (“PPP”) loan under ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). In accordance with the standard, the Organization records the cash inflow of the PPP loan as grant advances and has the option to recognize grant contributions once the conditions for the grant are (1) substantially met or (2) explicitly waived. The Organization has elected to recognize grant contributions when the conditions for the grant are explicitly waived by the Small Business Administration (“SBA”).

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.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

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

Comparative Data

The amounts shown for the year ended June 30, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 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, 2019, 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, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2020, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

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	\$ 432,006
Accounts receivable	58,756
Grants and contributions receivable	<u>129,920</u>
Total	<u>\$ 620,682</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.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

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, 2020, 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) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2020 consists of the following:

The Pierre and Tana Matisse Foundation	\$ 700,000
New York City Department of Cultural Affairs	40,820
Miranda Family Fund	17,500
Lily Auchincloss Foundation	15,000
Various donors/foundations	62,400
New York State Council on the Arts	<u>4,200</u>
	839,920
Less: discount to present value	<u>(85,402)</u>
Total	<u>\$ 754,518</u>

Grants and contributions receivable are due as follows:

Within one year	\$ 344,920
In one to three years	450,000
Over three years	<u>45,000</u>
	839,920
Less: discount to present value	<u>(85,402)</u>
Total	<u>\$ 754,518</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%.

5) 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.

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

6) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2020. Depreciation for the year ended June 30, 2020 was \$1,910.

Equipment	\$ 8,329
Leasehold improvements	<u>2,155</u>
	10,484
Less: accumulated depreciation	<u>3,874</u>
	<u>\$ 6,610</u>

7) 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	\$ 673,098
PTP Company	32,700
Development position	<u>17,500</u>
	723,298

Subject to passage of time:

For periods after June 30, 2020	<u>160,550</u>
Total net assets with donor restrictions	<u>\$ 883,848</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, 2020:

Expiration of time restrictions	\$ 1,100
Satisfaction of purpose restrictions	
Full-time development position	35,000
After-school and theatre programs	31,250
PTP Company	20,000
PTP Partnerships	<u>1,500</u>
	<u>87,850</u>
Total restrictions released	<u>\$ 88,850</u>

8) OTHER CONTRIBUTION

On May 1, 2020 the Organization received loan advance proceeds in the amount of \$8,000 from Citibank pursuant to the Economic Injury Disaster Loan ("EIDL"), administered by the SBA. The loan advance does not have to be repaid and is included in other contribution in the statement of activities.

PEOPLE’S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT’D)
JUNE 30, 2020

9) 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. pursuant to the PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act (“CARES Act”), and administered by the SBA. The PPP provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization.

The loan matures on May 1, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on December 1, 2020. The loan may be prepaid by the Organization at any time prior to the maturity with no prepayment penalties. As described in the CARES Act, the PPP loan and accrued interest are forgivable if they are used for qualifying expenses such as payroll and utilities.

While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is not a guarantee that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part

10) 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.

11) LEASE COMMITMENTS

The Organization leases office and studio space in New York City under non-cancelable operating leases which expire on December 31, 2021 and August 7, 2021, respectfully. Occupancy expense for the year ended June 30, 2020 was \$63,221. 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,	
2021	53,924
2022	18,540
Thereafter	-
Total	<u>\$ 72,464</u>

PEOPLE'S THEATRE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2020

12) 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, 2020, uninsured balances totaled \$266,542. 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.

During the year ended June 30, 2020, the Organization received a five-year grant totaling \$750,000 from The Pierre & Tana Matisse Foundation - approximately 47% of the Organization's total grants and contributions. This multi-year award accounts for approximately 93% of total grants and contributions receivable at year-end.

13) SPECIAL EVENTS DISCUSSION

During the year ended June 30, 2020, the Organization held an special event online auction to raise funds for general operations. The items auctioned off were donated and were deemed to have de minimis fair market value by the donors and management. Accordingly, there were no costs of direct special events included in these financial statements.

14) KEY EVENT DISCUSSION 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 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.

To date, the Organization was able to secure \$168,754 in COVID-19 related funding, including \$117,254 in COVID-19 funding as part of EIDL and Cares ACT (see Notes 8 and 9) and believe that this money will help alleviate effects of the pandemic on potential short-term cash requirements. 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 February 2, 2021, which is the date the financial statements were available to be issued.