PEOPLE'S THEATRE PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2022

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

RB | RICH & BANDER

CERTIFIED PUBLIC ACCOUNTANTS

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(With summarized comparative information for the year ended June 30, 2021)

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People's Theatre Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 People's Theatre Project, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People's Theatre Project, Inc.'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.

Report on Summarized Comparative Information

We have previously audited People's Theatre Project, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2022, People's Theatre Project, Inc. adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
February 28, 2023

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With summarized comparative information for the year ended June 30, 2021)

ASSETS	**2022**	**2021**
Current assets		
Cash and cash equivalents	$ 932,912	$ 540,136
Grants and contributions receivable, net	374,356	455,537
Federal credits accrued	213,106	-
Accounts receivable	83,262	25,579
Prepaid expenses	3,626	3,463
Total current assets	**1,607,262**	**1,024,715**
Property and equipment, net of accumulated depreciation	**76,166**	**4,513**
Noncurrent assets		
Grants and contributions receivable, net	97,032	240,532
Security deposits	4,300	8,200
Total noncurrent assets	**101,332**	**248,732**
TOTAL ASSETS	**$ 1,784,760**	**$ 1,277,960**

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 61,497	$ 47,928
Grant advance- paycheck protection program	-	139,029
Total current liabilities	**61,497**	**186,957**
Net assets		
Without donor restrictions	895,481	411,471
With donor restrictions	827,782	679,532
Total net assets	**1,723,263**	**1,091,003**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,784,760**	**$ 1,277,960**

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative information for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
Revenue and support				
Grants and contributions				
Foundations	$ 329,467	$ 333,750	$ 663,217	$ 170,102
Government	570,635	16,000	586,635	328,254
Corporate	11,006	81,000	92,006	105,151
Board and individuals	72,541	15,000	87,541	64,203
Special events contributions	79,261	-	79,261	38,212
Total grants and contributions	**1,062,910**	**445,750**	**1,508,660**	**705,922**
Special events loss				
Special events revenue	5,375	-	5,375	-
Less: cost of direct benefits to donors	(19,780)	-	(19,780)	-
Net special events loss	**(14,405)**	**-**	**(14,405)**	**-**
Program service revenue				
Program service revenue	182,644	-	182,644	99,378
Total program service revenue	**182,644**	**-**	**182,644**	**99,378**
Other income				
Other revenue	28,407	-	28,407	1,508
Total other income	**28,407**	**-**	**28,407**	**1,508**
Net assets released from restrictions	**297,500**	**(297,500)**	**-**	**-**
Total revenue and support	**1,557,056**	**148,250**	**1,705,306**	**806,808**
Expenses				
Program services	769,444	-	769,444	695,693
Supporting services				
Management and general	116,103	-	116,103	94,251
Fundraising	187,499	-	187,499	144,037
Total expenses	**1,073,046**	**-**	**1,073,046**	**933,981**
Change in net assets	484,010	148,250	632,260	(127,173)
Net assets - beginning of year	411,471	679,532	1,091,003	1,218,176
Net assets - end of year	**$ 895,481**	**$ 827,782**	**$ 1,723,263**	**$ 1,091,003**

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative information for the year ended June 30, 2021)

	Program Services	Management & General	Fundraising	Cost of Direct Benefits to Donors	2022 Totals	2021 Totals
Salaries and wages	$ 525,158	$ 32,767	$ 102,946	$ -	$ 660,871	$ 602,494
Administrative and professional fees	49,000	65,267	55,859	-	170,126	90,858
Payroll taxes and fringe benefits	103,769	6,475	20,342	-	130,586	137,095
Occupancy	49,602	495	891	7,192	58,180	56,829
Meals, entertainment and event expenses	-	-	-	12,588	12,588	-
Computer and software expenses	5,730	164	3,721	-	9,615	10,796
Other expenses	7,191	2,128	-	-	9,319	1,511
Conferences, conventions, and meetings	4,439	3,111	274	-	7,824	6,596
Equipment and office supplies	6,619	124	443	-	7,186	1,727
Payroll service fees	4,580	286	898	-	5,764	5,683
Telephone	3,085	150	561	-	3,796	5,607
Insurance	3,009	112	565	-	3,686	3,653
Travel	1,930	1,090	197	-	3,217	2,481
Marketing and promotion	2,602	106	227	-	2,935	825
Credit card fees and bank charges	-	2,220	-	-	2,220	3,438
Dues and subscriptions	714	1,379	122	-	2,215	1,790
Depreciation	1,698	97	302	-	2,097	2,097
Professional development	292	17	52	-	361	370
Printing and reproduction	-	114	60	-	174	-
Postage and delivery	26	1	39	-	66	131
	769,444	**116,103**	**187,499**	**19,780**	**1,092,826**	**933,981**
Less expenses included with revenue on the statement of activities						
Cost of direct benefits to donors	-	-	-	(19,780)	(19,780)	-
Total expenses included in the expense section on the statement of activities	**$ 769,444**	**$ 116,103**	**$ 187,499**	**$ -**	**$ 1,073,046**	**$ 933,981**

PEOPLE'S THEATRE PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative information for the year ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 632,260	$ (127,173)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,097	2,097
Amortization of discount on grants and contributions receivable	(27,000)	(35,434)
Forgiveness of paycheck protection program loan	(139,029)	(109,254)
(Increase) decrease in operating assets:		
Grants and contributions receivable	251,681	93,883
Federal credits accrued	(213,106)	-
Accounts receivable	(57,683)	33,177
Prepaid expenses	(163)	6,649
Security deposits	3,900	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	13,569	23,956
Grant advance- paycheck protection program	-	139,029
Total adjustments	(165,734)	154,103
Net cash provided by operating activities	466,526	26,930
Cash flows from investing activities:		
Purchases of property and equipment	(73,750)	-
Net cash used in investing activities	(73,750)	-
Net increase in cash and cash equivalents	392,776	26,930
Cash and cash equivalents, beginning of year	540,136	513,206
Cash and cash equivalents, end of year	**$ 932,912**	**$ 540,136**
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Supplemental disclosures of non-cash activity:		
Forgiveness of paycheck protection program	$ 139,029	$ 109,254

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

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

Nature of the Organization

People's Theatre Project, Inc. (the "Organization") was organized as a not-for-profit organization on April 14, 2009 under the laws of the State of New York. Rooted in Washington Heights and Inwood, the Organization 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

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

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 and cash equivalents.

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. A portion of contributions includes the contribution element of special events. In addition, a portion of grant revenue is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advance in the statement of financial position. 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 as grants and contributions, unless there is a right of return if the special event does not take place.

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

<u>*Revenue, Revenue Recognition, and Receivables (Cont'd)*</u>

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.

Contributions of Nonfinancial Assets – 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. 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. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

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 and appropriate risk-adjusted interest 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 grants and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific grants received.

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. Program service revenue amounts received in advance of the satisfaction of the performance obligation are deferred to the applicable period.

Accounts Receivable – Accounts receivable represents program service revenue that has been earned 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.

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

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, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations. The Organization does not have opening balances for contract assets and contract liabilities or such balances for the year ended June 30, 2022.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes expenditures for these items in excess of $1,000. 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:

	Years
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.

Federal Credits

The Organization has elected to account for the Employee Retention Credit ("ERC"), Emergency Paid Sick Leave Act ("EPSLA"), and the Emergency Family and Medical Leave Expansion Act ("Expanded FMLA") under Accounting Standards Update ("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 the application to receipt of the credit that approval is probable. In accordance with the standard, the Organization recognizes an employee retention credit receivable on the statement of financial position when the conditions for the credit are substantially met. The Organization elected to consider approval of the ERC, EPSLA, and Expanded FMLA by the Internal Revenue Service ("IRS") a formality and not a barrier; accordingly, government grant income is recognized on the statement of activities at the end of the quarter that the relevant credit is applicable to. Accrual (for the periods filed) and receipt of the credit (via cash or as a credit to future payroll expenses) is reported on the statement of cash flows as operating activities and as an adjustment to reconcile operating activity net cash, respectively.

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

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.

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. 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.

Adoption of Accounting Standard

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 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. This standard became effective for annual reporting periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. On July 1, 2021, the Organization adopted ASU 2020-07, using the modified retrospective transition method. There were no material changes to the financial statements upon adoption.

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

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 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. The Organization is currently evaluating the effect that this update will have on its financial statements.

Comparative Data

The amounts shown for the year ended June 30, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 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 financial statements for the year ended June 30, 2021, from which the summarized information was derived.

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.

Marketing and Promotion Costs

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

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

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.

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 has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended June 30, 2021, 2020, and 2019 are subject to examination by 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, 2022, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

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. 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.

2) FAIR VALUE MEASUREMENTS

The Organization's financial instruments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

2) FAIR VALUE MEASUREMENTS (CONT'D)

Accounting Standards Codification 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; level 2, defined as inputs other than the quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization has no investments at year-end.

3) LIQUIDITY AND AVAILABILITY

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

Financial assets at year-end	Gross amount	Less: Amounts not available to be used within one year	Financial assets available to meet general expenditures within one year
Cash and cash equivalents	$ 932,912	$ 300,750	$ 632,162
Grants and contributions receivable (current and noncurrent)	471,388	342,532	128,856
Federal credits accrued	213,106	-	213,106
Accounts receivable	83,262	-	83,262
Total	$ 1,700,668	$ 643,282	$ 1,057,386

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.

4) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2022. Depreciation for the year ended June 30, 2022 was $2,096.

Construction in progress (see Note 5)	$ 73,750
Equipment	8,329
Leasehold improvements	2,155
	84,234
Less: accumulated depreciation	8,068
	$ 76,166

5) CONDITIONAL DESIGNATION AGREEMENT

In December 2021, the Organization received a conditional designation from New York City Economic Development Corporation ("NYCEDC"), as Operator, to negotiate with NYCEDC a funding agreement and related documents to provide the Organization with the funding for the acquisition, development, and fit-out of a leasehold condominium unit (the "Premises") located in the building ("Building") to be constructed at Borough of Manhattan, New York (the "Property), not to exceed the lesser of $15,000,000 and the appraised value of the Premises. The Property is currently owned by West 207 Grocery Owners LLC and ground leased to Inwood Lot 9 Associates LLC (the "Developer") who will own the Building and other improvements on the Property. The Building is a mixed-use 14-story residential building consisting of residential, commercial, parking and community facility uses, which will be constructed by the Developer. As of report date, the Funding agreement is still in draft form. The contract that will govern the purchase and sale agreement of the Premises between the Organization (purchaser) and the Developer (seller) is still in draft form as of report date. The Premises will be called The Immigrant Research and Performing Arts Center in Inwood, a cultural center that will deliver theater that is more equitable and representative of immigrants and people of color

According to the conditional designation letter, the Organization shall be responsible for the costs and expenses associated with the project during the designation term, including but not limited to the fees of outside consultants, legal services, architect fees, other professional fees, due diligence, environmental studies, title, and any other related costs or expenses. Furthermore, the Organization shall retain a legal counsel experienced in condominium matters reasonably acceptable to NYCEDC and provide NYCEDC with a written commitment from Developer (a) to reimburse the Organization for its costs and expenses, including cost of such counsel in the event legal services are not provided to the Organization on a pro bono basis and (b) to pre-pay (through funding an escrow to be held and applied by NYCEDC in its discretion) or reimburse NYCEDC, at NYCEDC's option, for the services of condominium counsel retained by NYCEDC to represent NYCEDC in connection with this project.

During the year ended 2022, the Organization paid consulting and concept design fees totaling to $134,076. In 2022, the Organization was reimbursed by the Developer amounting to $60,326. The remaining amount of $73,650 was covered by a grant received by the Organization and is not reimbursable from the Developer. The Organization recognized the $73,750 as construction in progress in the statement of financial position.

6) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are due as follows:

Within one year after June 30, 2022	$ 374,356
More than one year after June 30, 2022	120,000
	494,356
Less: discount to present value	(22,968)
Total	$ 471,388

6) GRANTS AND CONTRIBUTIONS RECEIVABLE (CONT'D)

Grants and contributions receivable at June 30, 2022 consists of the following:

Pierre and Tana Matisse Foundation	$ 290,000
Ford Foundation	50,000
The New York Community Trust	37,359
New York City Department of Cultural Affairs	35,800
New York State Council on the Arts	15,750
Various	65,447
	494,356
Less: discount to present value	(22,968)
Total	$ 471,388

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%.

7) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program 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, certain administrative and professional fees, payroll taxes and fringe benefits, occupancy, credit card fees and bank charges, equipment and supplies expense, depreciation and amortization, telephone, loss on disposal, and insurance, which are allocated using the Organization's general expense allocation rate. The general expense allocation rate is determined as a percentage of salaries on the basis of estimates of time and effort.

8) EMPLOYEE RETENTION CREDITS

The Consolidated Appropriations Act 2021 was signed into law on December 27, 2020. One of the provisions was an extension and expansion of the ERC first created under the CARES Act. Eligible employers had the opportunity to claim the ERC against federal payroll taxes, including federal withholding taxes and the employer's and employee's share of social security and Medicare taxes. During the year ended June 30, 2022, the Organization applied for ERCs totaling $213,106 for qualified wages for the period January 1, 2020 - June 30, 2021. Businesses that were either fully or partially suspended by a COVID-19 lockdown order or had gross receipts less than 50% of gross receipts for the same quarter in 2019 attained ERC eligibility for this wage period and continued to qualify in the next quarter after becoming eligible as long as gross receipts were not more than 80% of the same quarter in 2019.

As of June 30, 2022, the Organization has federal credits accrued of $213,106. In January 2023, the Organization received a sum of $21,532 refund for federal credits accrued.

9) SPECIAL EVENTS DISCUSSION

During the year ended June 30, 2022, the Organization held a small cultivation event in conjunction with opening night of PTP Company on September of 2021 and an annual gala on June 2, 2022. For the period ended June 30, 2022, gross proceeds raised amounted to $84,636. Accordingly, the cost of direct special events amounted to $19,780. The management determined the fair value of cost of direct benefits provided to donors totaling to $5,375.

10) NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified purpose:	
PTP Academy	$ 403,032
Capital campaign	76,250
Social worker hire	75,000
Residency and performances	35,000
Strategic planning consultancy	23,000
COVID-19 Uptown Collaborative Project	15,000
Arts Education	10,500
Theatre	5,500
	643,282
Subject to passage of time:	
For periods after June 30, 2022	184,500
Total net assets with donor restrictions	$ 827,782

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, 2022:

Expiration of time restrictions	$ 15,000
Satisfaction of purpose restrictions	
PTP Academy	149,000
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	5,500
	282,500
Total restrictions released	$ 297,500

11) MARKETING AND PROMOTION COSTS

For the year ended June 30, 2022, marketing and promotion costs totaled $2,935.

12) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM

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.

13) 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. In May 2021, the Organization fully vacated the office space and started operating remotely. On September 1, 2021, the Organization extended its lease of studio space to November 30, 2024. On February 8, 2023, the Organization entered into a new office lease agreement which commenced in February 2023 and expires in February 2026. Occupancy expense for the year ended June 30, 2022 was $50,988, excluding cost of direct benefits to donors. 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,	
2023	$ 39,945
2024	60,138
2025	45,710
2026	20,300
Total	$ 166,093

14) 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, 2022, uninsured balances totaled $704,581. 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.

14) CONCENTRATIONS OF RISK (CONT'D)

During the year ended June 30, 2022, the Organization received approximately 57% of its total grants and contributions revenue from three government donors and two foundation donors. For the year ended June 30, 2022, 57% of the grants and contributions receivable is from one donor. The concentration from the contributor does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributor and other revenue.

15) 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, 2022:

Revenue recognized at a point in time:	
Program income	$ 182,644
Special events (exchange portion)	5,375
Total revenue recognized at a point in time	188,019
Total revenue from contracts with customers	$ 188,019

16) 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. They had no official timetable for returning administrative operations to a physical office, but the Board and Management were in periodic discussions regarding this matter. On February 8, 2023, the Organization entered into a new office lease agreement which commenced in February 2023 and expiring after three years (see Note 13).

Management has evaluated subsequent events through February 28, 2023, which is the date the financial statements were available to be issued. No other subsequent events have occurred except as described in Note 13 to the financial statements.