Report of Independent Auditors and
Consolidated Financial Statements

Geffen Playhouse, Inc.

August 31, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Audit Committee of the Board of Directors
Geffen Playhouse, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Geffen Playhouse, Inc., which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Geffen Playhouse, Inc. as of August 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Geffen Playhouse, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Geffen Playhouse, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Geffen Playhouse, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Geffen Playhouse has suffered losses from operations as a result of the COVID-19 pandemic's long-term impact over theatres. Management's evaluation of the events and conditions resulting from the COVID-19 pandemic and management's plans to mitigate those matters are also described in Note 15. Our opinion is not modified with respect to that matter.

Other Matter

Prior Period Summarized Comparative Financial Information

We have previously audited the August 31, 2022 consolidated financial statements, and our report, dated December 2, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Moss Adams LLP

Los Angeles, California
December 15, 2023

Consolidated Financial Statements

Geffen Playhouse, Inc.
Consolidated Statements of Financial Position
August 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 701,833	$ 1,685,630
Investments	8,928,869	7,230,249
Pledges receivable	1,509,123	6,683,161
Other receivables	165,769	481,728
Deposits	155,279	225,530
Prepaid expenses and other assets	782,931	1,444,969
Total current assets	12,243,804	17,751,267
LEASEHOLD INTEREST IN BUILDING, net	1,346,357	1,460,940
PROPERTY AND EQUIPMENT, net	11,393,641	10,988,033
RIGHT-OF-USE ASSET, operating	58,616	-
RIGHT-OF-USE ASSET, finance	66,018	-
PLEDGES RECEIVABLE, net	1,968,270	2,829,395
Total assets	$ 27,076,706	$ 33,029,635
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 645,219	$ 328,512
Current portion of operating lease liability	37,085	-
Current portion of finance lease liability	34,294	-
Deferred revenue – single tickets	102,579	338,703
Deferred revenue – season subscription	2,141,925	2,288,032
Deferred revenue – enhancement funds	905,000	1,370,000
Deferred revenue – other	653,882	740,154
Line of credit	490,000	-
Total current liabilities	5,009,984	5,065,401
OPERATING LEASE LIABILITY, net of current portion	21,531	-
FINANCE LEASE LIABILITY, net of current portion	31,724	-
Total liabilities	5,063,239	5,065,401
NET ASSETS		
Without donor restrictions	7,376,464	12,906,220
With donor restrictions	14,637,003	15,058,014
Total net assets	22,013,467	27,964,234
Total liabilities and net assets	$ 27,076,706	$ 33,029,635

See accompanying notes.

Geffen Playhouse, Inc.
Consolidated Statements of Activities
Year Ended August 31, 2023
With Summarized Comparative Information for the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
OPERATING REVENUE				
Ticket sales – single	$ 3,422,634	$ -	$ 3,422,634	$ 3,673,667
Ticket sales – season subscription	2,464,845	-	2,464,845	2,141,830
UCLA reimbursed maintenance	763,625	-	763,625	857,543
Other income	257,189	-	257,189	199,982
Innovation	992,500	-	992,500	753,900
Production enhancement	1,124,000	-	1,124,000	110,000
Interest and investment income (loss), net	75,131	-	75,131	(740,826)
Total operating revenue	9,099,924	-	9,099,924	6,996,096
OPERATING EXPENSES				
Program services	16,736,907	-	16,736,907	13,614,239
Management and general	2,134,404	-	2,134,404	1,569,449
Total operating expenses	18,871,311	-	18,871,311	15,183,688
Operating loss	(9,771,387)	-	(9,771,387)	(8,187,592)
CONTRIBUTED INCOME				
Contributions	2,602,465	407,895	3,010,360	8,984,387
Contributions of non-financial assets	31,889	-	31,889	69,666
Net assets released from restrictions	1,178,279	(1,178,279)	-	-
Total contributed income	3,812,633	(770,384)	3,042,249	9,054,053
NON-OPERATING REVENUES				
Special events	1,060,834	-	1,060,834	1,040,519
Government grants	498,521	-	498,521	4,901,076
Endowment earnings	-	349,373	349,373	(230,973)
Total non-operating revenues	5,371,988	(421,011)	4,950,977	14,764,675
NON-OPERATING EXPENSES				
Fundraising services	820,940	-	820,940	853,196
Special events	309,417	-	309,417	472,509
Total non-operating expenses	1,130,357	-	1,130,357	1,325,705
Net non-operating income	4,241,631	(421,011)	3,820,620	13,438,970
CHANGE IN NET ASSETS	(5,529,756)	(421,011)	(5,950,767)	5,251,378
NET ASSETS, beginning of year	12,906,220	15,058,014	27,964,234	22,712,856
NET ASSETS, end of year	$ 7,376,464	$ 14,637,003	$ 22,013,467	$ 27,964,234

See accompanying notes.

Geffen Playhouse, Inc.
Consolidated Statements of Cash Flows
Years Ended August 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (5,950,767)	$ 5,251,378
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Change in discount of pledges receivable	11,125	312,522
Depreciation and amortization	649,971	643,552
Amortization of leasehold interest in building	114,583	114,583
Non-cash lease expense	92,835	-
Non-cash contributions of marketable securities	231,562	161,718
Contributions restricted for endowments	(216,000)	(7,650,000)
Gain on forgiveness of Paycheck Protection Program loan	-	(781,987)
Changes in operating assets and liabilities		
Pledges receivable, net	6,024,038	(5,891,621)
Other receivables	315,959	211,881
Deposits	70,251	(225,530)
Prepaid expenses and other assets	662,038	(1,033,050)
Accounts payable and accrued expenses	316,707	25,136
Operating lease liability	(59,704)	-
Deferred revenue	(933,503)	(1,891,445)
Net cash provided by (used in) operating activities	1,329,095	(10,752,863)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,457,525	5,700,000
Purchases of investments	(5,387,707)	(2,677,214)
Contributions restricted for endowments	216,000	7,650,000
Purchases of property and equipment	(1,055,579)	(222,585)
Net cash (used in) provided by investing activities	(2,769,761)	10,450,201
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on principal of finance leases	(33,131)	-
Borrowings on line of credit	490,000	-
Net cash provided by financing activities	456,869	-
CHANGE IN CASH AND CASH EQUIVALENTS	(983,797)	(302,662)
CASH AND CASH EQUIVALENTS, beginning of year	1,685,630	1,988,292
CASH AND CASH EQUIVALENTS, end of year	$ 701,833	$ 1,685,630
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 23,207	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
RIGHT-OF-USE assets obtained in exchange for new operating lease liabilities	$ 118,320	$ -
RIGHT-OF-USE assets obtained in exchange for new finance lease liabilities	$ 99,149	$ -

See accompanying notes.

Note 1 – Organization

Geffen Playhouse, Inc. (a nonprofit organization) (the "Organization") is devoted to providing professional quality theater through a series of productions, workshops, seminars, and play readings for the city of Los Angeles, surrounding counties, and the University of California at Los Angeles ("UCLA"). An active member of the community, the Organization has education and outreach programs that target students, seniors, and others who otherwise would not have access to live theater. The Organization strives to produce original, quality works that inspire thought, evoke conversation, and engage the community in the live arts. The Organization, incorporated on August 29, 1994, was previously named Westwood Playhouse, Inc. Geffen Playhouse Films is a wholly owned for profit entity started and owned by the Organization for purposes of producing and distributing video productions of theatrical performances at the Organization.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of consolidation – The consolidated financial statements include the accounts of Geffen Playhouse, Inc. and Geffen Playhouse Films. All significant transactions between the entities have been eliminated in the consolidated financial statements.

Financial statement presentation – The Organization classifies revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization. Included in net assets without donor restrictions are certain funds designated by the Board of Directors (the "Board").

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, and net assets that are restricted by the donors for investment in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as support without donor restrictions.

Revenue recognition – *Ticket sales* – Revenues from performances are recognized when the related performance is presented. Revenues from ticket sales received in advance of the performance are deferred and recognized when the performance is presented. Revenue from season ticket sales, which are received in advance of the related production season, is deferred. The advance ticket sales for performance balance decreased to $2,244,504 at August 31, 2023, from $2,626,735 at August 31, 2022. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and customer payments. Expenses (construction sets and props and production) for productions to be presented in subsequent fiscal years are deferred and subsequently expensed in the year in which the production occurs. Concession and merchandise revenue is recognized at a point in time when the items are sold. Ticket handling fees are recognized at a point of time as tickets are sold. The production season typically is from September 1 to August 31, though occasionally, shows for the upcoming season may begin before September 1.

UCLA reimbursed maintenance – As further explained in Note 12, the Organization incurs expenses for the maintenance of the facility, which are either paid directly or reimbursed by UCLA. Accordingly, the Organization recognizes certain maintenance expenses as incurred and records the reimbursement from UCLA as support. The revenue for these transactions is recognized at a point in time, which is the same time the expense is incurred.

Other income – Other income includes royalties and sponsorships. Royalties represent revenue earned under agreements with other performing arts-related entities for the use of specific productions created by the Organization. Revenue is recognized as others perform the productions as the Organization's performance obligation for the provision of the rights to use of its production is completed. Sponsorships represent revenue earned under agreements with large companies for marketing on materials distributed to patrons and online platforms.

Special events – Special events revenue is generated from sponsorships, ticket sales, and sale of items at events held during the year and is recognized when the events occur, which is the completion of the Organization's performance obligation.

Deferred revenue – Deferred revenue for single tickets, season subscriptions, and other represents tickets purchased in advance and gift certificates. These revenues are recognized when the related performance is presenting. Deferred revenue for enhancement funds represents funds received from others to expand budgets for specific productions. Revenue is recognized when the performance obligations present in the associated agreements are completed, which is generally when the related performance is performed.

Contributions – Contributions received, including unconditional promises to give, are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions which limit the use of the donated assets are reported as support with donor restrictions if the restrictions are not met in the same reporting period. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as assets with donor restrictions. Contributions received at the Organization's various special events held throughout the year are presented as special events revenue in the consolidated statements of activities.

Unconditional promises to give with payments due in future periods are reported as support with donor restrictions and are discounted to net present value at an appropriate discount rate. Gifts of land, buildings, and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulation, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. A conditional promise to give for $5,000,000 was received during the year ended August 31, 2023. The gift is conditional upon matching gifts being received from members of the Board between May 2, 2022, and August 31, 2024. If the funding is received it is to be used to fund the endowment.

Contributions of non-financial assets – The Organization receives various forms of gifts-in-kind (“GIK”) including in-kind services, experiences and goods that are monetized when auctioned off at special events. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. GIK are valued based upon estimates of fair value that would be received for selling the goods or services in their principal market at the time the goods or services are contributed by the donor. During the years ended August 31, 2023 and 2022, the Organization recognized $31,889 and $69,666, respectively, of gifts-in-kind that are related to fundraising and the operations of the Organization and have been included in program services in the accompanying consolidated statements of activities. In addition, during the years ended August 31, 2023 and 2022, the Organization recognized $36,520 and $46,800, respectively, of gifts-in-kind of donated experiences and goods that have been included in special events in the accompanying consolidated statements of activities.

Government grants – Individual governmental grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when allowable expenses are incurred.

Production enhancements – Production enhancements represent funds received from others to expand budgets for specific productions. Revenue is recognized when the performance obligations present in the associated agreements are completed, which is generally when the related performance is performed.

Innovation – Innovation revenues represent funds received from others to expand filming, streaming, and podcast of Geffen Productions and produce Broadway productions. Revenue is recognized when the productions are completed.

Functional allocation of expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Depreciation, interest, and facilities costs are allocated to functional categories based on square footage dedicated to the specific function. Labor is allocated to functional categories based on time spent on activities within each function.

Cash and cash equivalents – The Organization considers all highly liquid investments with a maturity at the date of purchase of three months or less to be cash and cash equivalents.

Investments – Investments are reported at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses net of investment expenses are included in the change in net assets.

Exchange traded funds are valued based on the quoted market prices. Treasury bills are valued based on investment yield. UCLA Foundation's short-term investment pool ("STIP") is valued based on net asset value of shares held by the Organization at year end. The fair value of the STIP is based on information provided by the UCLA Foundation fund managers at the most recent valuation date prior to fiscal year end adjusted for certain cash flows. Management agrees with the assumptions used and fair values determined by the UCLA Foundation fund managers. Management monitors the activity of the STIP and performs reconciliations and other procedures to assure that the valuation used in the consolidated financial statements is accurately stated.

The Organization receives a pro rata share of the income from the investment pool. Shares of the STIP are purchased or redeemed at a constant value of $1 per share. The investments of the pool are comprised of banker's acceptance instruments, commercial paper, corporate debt securities, and United States government and agency obligations. These funds are available to the Organization at any time subject to a maximum of two withdrawals per month. At August 31, 2023 and 2022, the Organization had $39,575 and $1,062,732, respectively, of funds held by the UCLA Foundation.

On August 31, 2018, the Organization transferred its endowed funds previously held by the UCLA Foundation to UC Regents. Beneficial interests in UC Regent's Total Return Investment Pool ("TRIP") and General Endowment Pool ("GEP") are reported at their fair values in the consolidated statements of financial position. Beneficial interests are classified within Level 3 of the fair value hierarchy. Securities classified within Level 3 are based on valuations provided by the external investment managers. Management, in conjunction with the external investment advisor, monitors the valuation of the investments periodically throughout the year. The valuations consider variables such as fair value principles, net asset value, and other recognized fair values of underlying securities. Realized and unrealized gains and losses are included in the change in net assets.

The value of the beneficial interest balance was $8,869,745 and $5,821,352 as of August 31, 2023 and 2022, respectively.

Pledges receivable – Unconditional promises to give are recorded, at their estimated net realizable value, as receivables and gift revenues and require the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions to be received after one year are discounted at an appropriate discount rate, ranging from 4.09% to 5.37%, commensurate with the risks involved and recorded in their respective net asset category. An allowance for uncollectible pledges receivable may be provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. At August 31, 2023 and 2022, no allowance has been provided.

Other receivables – Other receivables consist of reimbursement due from UCLA for maintenance expenses as described in Note 12.

Property and equipment – Property and equipment are stated at cost if purchased or fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally between three and ten years. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Leasehold improvements are amortized using the straight-line method ranging from 10–40 years or the shorter of the estimated useful life of the asset or the lease term. The Organization maintains a capitalization policy for expenditures in excess of $1,500.

Long-lived assets – The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. No impairment losses were recognized during the years ended August 31, 2023 and 2022.

Income taxes – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

During the years ended August 31, 2023 and 2022, the Organization performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which may have an effect on its tax-exempt status.

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating measure – The Organization divides its consolidated statements of activities into operating and nonoperating activities. The operating activities of the Organization include all income and expenses related to carrying out its theater productions and outreach and education initiatives. Operating revenues include investment income and investment gains used to fund current operations.

Nonoperating activities include current year realized and unrealized gains (losses) on endowment investments. Nonoperating activities also include contributions, revenues from special events, and government funding.

Advertising – Advertising costs are expensed as incurred except for direct response advertising, which is capitalized and amortized over its expected period of future benefits, not to exceed 12 months. Direct response advertising consists primarily of the Organization’s annual brochures for the following season subscriptions and the marketing of ticket sales to specific individuals. Advertising expense was $712,544 and $457,527 for the years ended August 31, 2023 and 2022, respectively. At August 31, 2023 and 2022, direct-response advertising included in prepaid expenses and other is $255,845 and $490,745, respectively.

Recently adopted accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842).* Under this guidance, the Organization is required to recognize right-of-use (ROU) assets and lease liabilities on its statements of financial position and disclose key information about leasing arrangements. On September 1, 2022 (the “Effective Date”), the Organization adopted Accounting Standards Codification Topic 842 using the modified retrospective method, with the cumulative effect of transition, including initial recognition by lessees of lease ROU assets and lease liabilities for existing operating and finance leases, as of the effective date. There was no cumulative impact to net assets on the Effective Date. The Organization elected the package of practical expedients, which must be elected as a package, to leases that commenced before September 1, 2022, which permit the Organization to (1) not reassess whether any expired or existing contracts are or contain leases (2) not reassess the lease classification and (3) reassess initial direct costs. They also elected the practical expedient to use the risk-free rate as the lease discount rate. Lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. The Organization considers only payments that are fixed and determinable at the time of commencement. The lease ROU assets also include any lease payments made and adjustments for prepayments and lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. See Note 9 – “Leases,” for further information.

Recently issued accounting pronouncement – In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Management is in the process of evaluating the impact of this accounting pronouncement.

Going Concern – Accounting principles generally accepted in the United States of America (GAAP) requires management of all entities to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern. Substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued or available to be issued. After consideration of management’s plans, which include mitigating factors and events occurring subsequent to August 31, 2023, management concluded substantial doubt about the Organization’s ability to continue as a going concern has been alleviated (see Note 15).

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Organization has evaluated subsequent events through December 15, 2023.

Note 3 – Concentrations of Credit Risk

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and pledges receivable.

The investment policy limits the Organization's exposure to concentrations of credit risk. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of financial position.

Cash and cash equivalents generally consist of cash and highly liquid investments with an initial maturity of three months or less. These securities are primarily held at one financial institution and are insured by the Federal Deposit Insurance Corporation (FDIC) coverage up to $250,000. At times during the year, cash in these accounts may exceed the federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

At August 31, 2023, approximately 63% of the Organization's pledges receivable were from three donors. At August 31, 2022, approximately 63% of the Organization's pledges receivable were from two donors.

Note 4 – Investments and Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market approach. Based on this approach, the Organization utilizes certain assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. As a basis for considering such assumptions, the Organization uses a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

The standard describes two inputs and the three-tier hierarchy that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For the fiscal years ended August 31, 2023 and 2022, the application of valuation techniques applied to similar assets has been consistent. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

Financial assets carried at recurring fair value at August 31, 2023 and 2022, are classified as follows:

	2023				
	Level 1	Level 2	Level 3	Assets Valued Using NAV Practical Expedient	Total
Investments					
Exchange traded funds	$ 18,511	$ -	$ -	$ -	$ 18,511
Mutual funds	1,038	-	-	-	1,038
Pooled investment fund	-	-	-	39,575	39,575
Beneficial interests	-	-	8,869,745	-	8,869,745
Total	$ 19,549	$ -	$ 8,869,745	$ 39,575	$ 8,928,869

	2022				
	Level 1	Level 2	Level 3	Assets Valued Using NAV Practical Expedient	Total
Investments					
Exchange traded funds	$ 146,653	$ -	$ -	$ -	$ 146,653
Treasury bills	-	199,512	-	-	199,512
Pooled investment fund	-	-	-	1,062,732	1,062,732
Beneficial interests	-	-	5,821,352	-	5,821,352
Total	$ 146,653	$ 199,512	$ 5,821,352	$ 1,062,732	$ 7,230,249

For the years ended August 31, 2023 and 2022, the changes in financial assets classified as Level 3 are as follows:

	Beneficial Interests Held at UC Regents
BALANCE, August 31, 2021	$ 9,158,169
Contributions (withdrawals)	(2,375,000)
Realized and unrealized loss, net	(1,033,204)
Interest income	71,387
BALANCE, August 31, 2022	5,821,352
Purchases	6,015,080
Contributions (withdrawals)	(3,355,081)
Realized and unrealized gain, net	306,884
Interest income	81,510
BALANCE, August 31, 2023	$ 8,869,745

The Organization's financial assets are valued using the fair value practical expedient of net asset value and are summarized as follows:

	Fair Value, August 31, 2023	Redemption Frequency	Redemption Notice Period
Funds held in UCLA Foundation's STIP	$ 39,575	Monthly	Two days
Total	$ 39,575		

The Organization had no unfunded commitments as of August 31, 2023.

The following table represents the Organization's Level 3 financial instrument as of August 31, 2023:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Input	Range
Beneficial interests held at UC Regents	$ 8,869,745	Market approach	Underlying assets	N/A

The valuation technique used to measure the fair value of the financial instrument, and the significant unobservable input and the ranges of values for that input, were unchanged from the year ended August 31, 2022.

Note 5 – Pledges Receivable

Pledges are initially recorded at fair value by discounting to the present value of future cash flows at rates ranging from 4.09% to 5.37%. Pledges receivable are recorded as follows at August 31:

	2023	2022
Amounts due		
In less than one year	$ 1,509,123	$ 6,683,161
In one to five years	1,653,351	2,028,351
In six years and after	875,000	1,350,000
Total gross pledges receivable	4,037,474	10,061,512
Less: present value discount	(560,081)	(548,956)
Total pledges receivable, net	3,477,393	9,512,556
Less: current portion of pledges receivable, net	(1,509,123)	(6,683,161)
Pledges receivable, net of current portion	$ 1,968,270	$ 2,829,395

At August 31, 2023 and 2022, the Organization has not provided for an allowance for uncollectible pledges, as all amounts are considered fully collectible.

Note 6 – Leasehold Interest in Building

The Organization leases its facilities from UCLA at a rate of $1 per year under an original 30-year lease which commenced in May 1995. In April 2003, the lease term was extended to 55 years to expire in May 2050. In March 2010, the lease term was reduced by four years to expire in May 2046. At the inception date of the original lease, the fair value of the building was approximately $5,000,000. This amount was recognized in prior years as a contribution and a leasehold interest. The unamortized leasehold interest is reflected in the accompanying consolidated statements of financial position as a net asset with donor restrictions and is being amortized over the lease term of 51 years.

At August 31, 2023 and 2022, the unamortized leasehold interest is $1,346,357 and $1,460,940, respectively. Amortization expense for the years ended August 31, 2023 and 2022, was $114,583.

Note 7 – Property and Equipment

At August 31, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Equipment	$ 3,685,225	$ 2,670,475
Furniture and fixtures	900,403	869,070
Leasehold improvements	17,779,014	17,769,518
	22,364,642	21,309,063
Less: accumulated depreciation and amortization	(10,971,001)	(10,321,030)
	$ 11,393,641	$ 10,988,033

Depreciation and amortization expense for the years ended August 31, 2023 and 2022, was $649,971 and $643,552, respectively.

Note 8 – Line of Credit

In October 2012, the Organization entered into a line of credit agreement with a bank for a $500,000 line of credit. The line expired on April 14, 2019, and was subsequently extended to April 13, 2024. Advances under the line of credit bear interest at the current prime rate (10.50% at August 31, 2023) and are secured by property held by the Organization. As of August 31, 2023, there was $490,000 outstanding on the line of credit.

Note 9 – Leases

The Organization adopted Topic 842 as of September 1, 2022. The Organization has both operating and finance leases, which are included within the ROU asset and lease liabilities.

The Organization's leasing expense for the year ended August 31, 2023, is as follows:

		2023
Finance lease expense		
Amortization of ROU assets	$	33,131
Interest on lease liabilities		3,171
Operating lease expense		59,704
Total lease expense	$	96,006

Components of ROU assets and liabilities on the consolidated statements of financial position are as follows as of August 31, 2023:

		Finance		Operating
ROU assets	$	99,149	$	118,320
Accumulated amortization		(33,131)		(59,704)
Total net ROU assets	$	66,018	$	58,616
Short-term lease liabilities	$	34,294	$	37,085
Long-term lease liabilities		31,724		21,531
Total lease liabilities	$	66,018	$	58,616

The following are key assumptions used by the Organization to measure the asset and lease liability as of August 31, 2023:

Weighted-average remaining lease term in years for finance leases	1.86
Weighted-average remaining lease term in years for operating leases	1.42
Weighted-average discount rate for finance leases	3.52%
Weighted-average discount rate for operating leases	3.83%

Future minimum lease payments under these leases are approximately as follows as of August 31, 2023:

Maturity Analysis	Finance	Operating
2024	$ 36,302	$ 38,582
2025	32,484	13,600
2026	-	5,576
2027	-	3,250
Total undiscounted cash flows	68,786	61,008
Less: present value discount	(2,768)	(2,392)
Total lease liabilities	$ 66,018	$ 58,616

The following is a schedule of the Organization's minimum lease requirements under these non-cancelable leases under the legacy FASB guidance (Topic 840) as of August 31, 2022:

Years Ending August 31,	
2023	$ 84,660
2024	84,660
2025	84,660
2026	35,856
Total	$ 289,836

Total rent expense under the office equipment leases was $62,023, for the year ended August 31, 2022. Total rent expense under the storage and office space operating leases was $47,700, for the year ended August 31, 2022.

Note 10 – Net Assets

At August 31, 2023 and 2022, net assets without donor restrictions consisted of the following:

	2023	2022
Undesignated	$ 7,049,081	$ 1,626,206
Board-designated net assets	327,383	11,280,014
	$ 7,376,464	$ 12,906,220

At August 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Time restricted, pledges receivable	$ 1,560,259	$ 2,317,060
Time restricted, cash, accumulated earnings	864,387	630,014
Time restricted, leasehold interest in building	1,346,357	1,460,940
Perpetually restricted	10,866,000	10,650,000
Total	$ 14,637,003	$ 15,058,014

Note 11 – Endowments

The Board of the Organization has interpreted the California Prudent Management of Institutional Funds Act ("CPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CPMIFA.

Return objectives and risk parameters – The Organization has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The endowment assets are held at UC Regents, consistent with their non-endowment portion of their investment portfolio; as such, the strategies employed for managing the endowment funds are consistent with those of the entire investment portfolio.

Strategies employed for achieving investment objectives – To achieve its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends).

Endowment spending policy and relationship to investment objectives – The Board of the Organization determines the method to be used to appropriate endowment funds for expenditure. It is the policy of the Board to annually review earnings on the endowment and determine the amounts to be appropriated for use in ongoing operations. In establishing this policy, the Board considered the expected long-term rate of return on its endowment and investment portfolio taken as a whole. The Board of Trustees of the Organization, in setting the endowment spending policy, considered the following factors: 1) preservation of asset values, 2) preservation of purchasing power, and 3) consistency of spending over time. The Organization's Board's adopted spending policy was established with a view toward balancing the need for expendable funds for the Organization's programs against the need to preserve the endowment against inflation.

In accordance with CPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation or depreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Changes in endowment net assets for the fiscal year ended August 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 11,280,014	$ 11,280,014
Contributions	-	216,000	216,000
Other changes	-	(115,000)	(115,000)
Investment gain, net of investment expenses	-	349,373	349,373
Endowment net assets, end of year	$ -	$ 11,730,387	$ 11,730,387

Changes in endowment net assets for the fiscal year ended August 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 3,850,786	$ 3,850,786
Contributions	-	7,650,000	7,650,000
Other changes	-	10,201	10,201
Investment loss, net of investment expenses	-	(230,973)	(230,973)
Endowment net assets, end of year	$ -	$ 11,280,014	$ 11,280,014

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new restricted contributions and continued appropriation for certain programs was deemed prudent by the Board. At August 31, 2023 and 2022, there were no funds with deficiencies.

Note 12 – Related-Party Transactions

The Organization has an affiliation agreement with UCLA under which the Organization must provide artistic programming to the community and educational/professional opportunities for UCLA theater students. UCLA may appoint five members to the Organization's Board.

Under the lease agreement with UCLA, the Organization incurs expenses for the maintenance of the facility, which are either paid directly or reimbursed by UCLA. Accordingly, the Organization recognizes certain maintenance expenses as incurred and records the reimbursement from UCLA as support. For the years ended August 31, 2023 and 2022, UCLA reimbursed the Organization $763,625 and $857,543, respectively, for maintenance expenses. At August 31, 2023 and 2022, the Organization has a receivable from UCLA of $152,248 and $190,981, respectively, which is included in other receivables in the accompanying consolidated statements of financial position.

As disclosed in Note 4, the Organization had funds held by the UCLA Foundation and UC Regents totaling $8,909,320 and $6,884,084 at August 31, 2023 and 2022, respectively.

During the years ended August 31, 2023 and 2022, a relative of a member of management provided information technology consulting services to the Organization. During the year ended August 31, 2023, the information technology consulting service expense was $68,031, none of which was payable at year end. During the year ended August 31, 2022, the information technology consulting service expense was $62,338, of which $3,000 was payable at year end.

During the years ended August 31, 2023 and 2022, 6% and 15% of contributions were from related parties, respectively.

Note 13 – Employee Benefit Plan

The Organization maintains a 401(k) profit sharing plan available to all full time employees after completing one year of service, except those who are covered by a collective bargaining agreement. The retirement plan is subject to a discretionary employer contribution. For the years ended August 31, 2023 and 2022, no contributions were made by the Organization.

Note 14 – Expenses by Natural Classification

Expenses by function and nature consist of the following for the year ended August 31, 2023:

		Supporting Services				
	Program Services	Management and General	Fundraising	Special Events	Total Supporting Services	Total
Salaries and related expenses						
Salaries and wages	$ 6,639,330	$ 1,263,858	$ 581,202	$ 14,639	$ 1,859,699	$ 8,499,029
Other employee benefit	522,957	89,440	44,213	493	134,146	657,103
Payroll taxes	529,830	80,935	45,930	1,453	128,318	658,148
Pension plan expenses	353,858	-	-	-	-	353,858
Total	8,045,975	1,434,233	671,345	16,585	2,122,163	10,168,138
Other expenses						
Fees for services	455,415	120,699	66,063	-	186,762	642,177
Production expenses	1,530,178	-	-	-	-	1,530,178
Lighting/sound	680,356	-	-	17,559	17,559	697,915
Office expenses	121,309	235,655	14,513	13,471	263,639	384,948
Advertising	712,544	-	-	-	-	712,544
Insurance	-	94,348	-	-	94,348	94,348
Royalties	451,629	-	-	-	-	451,629
Event expenses	29,081	22,041	1,310	206,012	229,363	258,444
Cost of goods sold	74,147	-	-	-	-	74,147
Investor payments	992,500	-	-	-	-	992,500
Miscellaneous	-	-	-	36,520	36,520	36,520
Publicity	14,873	-	-	-	-	14,873
Occupancy	1,054,389	-	-	-	-	1,054,389
Bank charges	224,829	7,273	10,782	7,640	25,695	250,524
Housing	547,742	-	2,762	-	2,762	550,504
Travel	409,589	719	879	3,950	5,548	415,137
Information technology	112,842	134,029	8,113	-	142,142	254,984
Marketing	490,604	-	44,279	7,680	51,959	542,563
Accounting	11,228	81,611	-	-	81,611	92,839
Legal	8,117	1,000	-	-	1,000	9,117
Conference	5,006	2,796	894	-	3,690	8,696
Total	7,926,378	700,171	149,595	292,832	1,142,598	9,068,976
Depreciation and amortization	764,554	-	-	-	-	764,554
Total	$ 16,736,907	$ 2,134,404	$ 820,940	$ 309,417	$ 3,264,761	$ 20,001,668

Expenses by function and nature consist of the following for the year ended August 31, 2022:

		Supporting Services				
	Program Services	Management and General	Fundraising	Special Events	Total Supporting Services	Total
Salaries and related expenses						
Salaries and wages	$ 5,686,850	$ 868,150	$ 412,509	$ 60,853	$ 1,341,512	$ 7,028,362
Other employee benefit	418,490	61,469	30,042	2,302	93,813	512,303
Payroll taxes	430,491	49,548	30,829	5,350	85,727	516,218
Pension plan expenses	276,985	-	-	-	-	276,985
Total	6,812,816	979,167	473,380	68,505	1,521,052	8,333,868
Other expenses						
Fees for services	1,303,832	43,238	67,947	25,274	136,459	1,440,291
Production expenses	1,341,673	-	-	41,351	41,351	1,383,024
Lighting/sound	326,821	-	-	-	-	326,821
Office expenses	270,914	234,398	170,104	37,899	442,401	713,315
Advertising	438,860	-	18,667	-	18,667	457,527
Insurance	910	78,513	-	-	78,513	79,423
Royalties	386,321	-	-	-	-	386,321
Event expenses	25,297	17,629	30,724	270,990	319,343	344,640
Cost of goods sold	70,938	-	-	-	-	70,938
Occupancy	858,723	-	-	-	-	858,723
Bank charges	211,713	14,472	22,826	3,906	41,204	252,917
Housing	250,117	-	-	5,525	5,525	255,642
Travel	117,449	723	-	19,059	19,782	137,231
Information technology	111,822	124,282	9,882	-	134,164	245,986
Maintenance	11,501	-	-	-	-	11,501
Marketing	295,178	-	59,666	-	59,666	354,844
Publicity	10,000	-	-	-	-	10,000
Accounting	5,926	49,315	-	-	49,315	55,241
Legal	4,373	25,813	-	-	25,813	30,186
Conference	920	1,899	-	-	1,899	2,819
Total	6,043,288	590,282	379,816	404,004	1,374,102	7,417,390
Depreciation and amortization	758,135	-	-	-	-	758,135
Total	$ 13,614,239	$ 1,569,449	$ 853,196	$ 472,509	$ 2,895,154	$ 16,509,393

Note 15 – Liquidity and Availability

The Organization has experienced losses and negative cash flows for the year ended August 31, 2023. The Organization utilized board-designated net asset legacy reserve to support operations during the year ended August 31, 2023. Additionally, the Organization has borrowed $490,000 of its $500,000 line of credit. To the extent that the Organization’s resources are insufficient to meet its future operating requirements, the Organization will need to finance operations through additional debt, growth of revenue, fundraising and release of donor-restricted funds.

The Organization's ability to continue as a going concern is dependent on the achievement of the strategies and generating sufficient cash flow to be self-sustaining. Management has evaluated the Organization's financial position and believes the existing cash and cash equivalents, revenue from future operations and available borrowings under the Organization's donor restricted funds, approved by donor, and drawn subsequent to year end will be sufficient to fund anticipated operating expenses for at least the next 12 months.

Management has evaluated their plans described above and determined it probable such plans will be effectively implemented within one year after the financial statement issuance date. Management also determined it is probable that those plans will mitigate the conditions or events that raised substantial doubt about the Organization's ability to continue as a going concern.

Whether, and when, the Organization can attain profitability and positive cash flows from operations is uncertain and actual results may not meet management's expectations. The financial statements do not give effect to any adjustments, which would be necessary should the Organization be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Organization is supported primarily by ticket sales revenue and contributions. Because donor restrictions may require resources to be used in a particular manner or in a future period, financial assets may not be available for general expenditures within one year. The Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of immediate requirements in short-term investments.

The following table reflects the Organization's financial assets, excluding endowment assets, as of August 31, 2023 and 2022, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year. Amounts not available include pledges receivable due in more than one year, cash on hand restricted to support for future seasons, accumulated earnings on endowment funds included investments, cash and pledges receivable with purpose or time restrictions that could be drawn only upon the approval of the Board. However, amounts appropriated for expenditure from the donor-restricted accumulated earnings on the endowment within one year of August 31, 2023 and 2022, are considered available.

	2023	2022
Cash and cash equivalents	$ 701,833	$ 1,685,630
Investments	8,928,869	7,230,249
Other receivable	165,769	481,728
Pledges receivable	1,509,123	6,683,161
Total financial assets	11,305,594	16,080,768
Less: endowment assets held in perpetuity		
Investments	(8,714,540)	(5,292,136)
Pledges receivable	(600,000)	(5,987,878)
Total endowment assets held in perpetuity	(9,314,540)	(11,280,014)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,991,054	$ 4,800,754

The Organization manages its financial assets so they are available as obligations become due. The Organization considers programs which are ongoing, major, and central to its annual operations as general expenditures. The Organization manages its liquidity with the principle of maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. Investments are available to draw on as needed.

Note 16 – Collective Bargaining Agreement

Substantially all actors employed by the Organization are subject to a collective bargaining agreement with the International Alliance of Theatrical Stage Employees and Motion Picture Technicians, Artists and Allied Crafts of the United States and Canada Treasurers and Ticket Sellers Local 857, which expires August 31, 2026.

Note 17 – Risks and Uncertainties

From time to time, the Organization is party to various legal proceedings incidental to its business. In the opinion of management, none of these items, individually or in the aggregate, would have a significant effect on the financial position, change in net assets, cash flows, or liquidity of the Organization.

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Organization's operations.

Management’s evaluation of and adaptations to the COVID-19 pandemic and related events are ongoing, including impacts on the economy and general population. The Organization cannot accurately estimate the impact on its operations and financial results, and the duration and intensity of the impact of the COVID-19 pandemic and resulting disruptions to the Organization’s operations are uncertain.