

GEORGE STREET PLAYHOUSE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
George Street Playhouse, Inc.
New Brunswick, NJ

Report on the Financial Statements

I have audited the accompanying financial statements of George Street Playhouse, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of George Street Playhouse, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state financial awards is presented for the purpose of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated September 22, 2021 on my consideration of George Street Playhouse, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George Street Playhouse, Inc.'s internal control over financial reporting and compliance.

James M. Wood, CPA

September 22, 2021
Hillsborough, NJ

GEORGE STREET PLAYHOUSE, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 4,371,834	\$ 2,817,314
Certificate of deposit	200,053	200,200
Grants & accounts receivable, net of allowance for doubtful accounts of \$11,400	236,229	129,388
Pledges receivable	2,641,335	4,058,631
Prepaid expenses	<u>529,085</u>	<u>560,547</u>
	7,978,536	7,766,080
Property & equipment, net of accumulated depreciation	270,563	312,698
Other assets		
Deposits	<u>15,933</u>	<u>15,933</u>
	\$ <u><u>8,265,032</u></u>	\$ <u><u>8,094,711</u></u>
Liabilities & Net Assets (Accumulated Deficit)		
Liabilities		
Accounts payable	\$ 202,532	\$ 206,028
Accrued payroll & payroll tax	2,501	32,921
Revenue received in advance		
Subscriptions & tickets	474,353	617,819
Grants received with conditions	766,063	912,428
Advance on line of credit	-	300,000
Loan payable to Small Business		
Administration	286,522	421,021
Naming pledge commitments	<u>597,620</u>	<u>898,609</u>
	2,329,591	3,388,826
Net assets (accumulated deficit)		
Without Donor Restrictions		
Undesignated	418,668	(408,546)
Board designated	<u>255,703</u>	<u>-</u>
	674,371	(408,546)
With Donor Restrictions	<u>5,261,070</u>	<u>5,114,431</u>
	<u>5,935,441</u>	<u>4,705,885</u>
	\$ <u><u>8,265,032</u></u>	\$ <u><u>8,094,711</u></u>

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenue				
Subscriptions	\$ 83,248	\$ -	\$ 83,248	\$ -
Ticket sales	78,969	-	78,969	-
Enhancement	-	-	430,151	-
Program advertising	6,400	-	19,000	-
Concession income	-	-	748	-
Tour & education fees	261,389	-	337,456	-
Rentals	2,656	-	8,721	-
Interest & dividends	800	6,495	1,051	9,573
Other	11,099	-	15,898	-
	<u>444,561</u>	<u>6,495</u>	<u>1,777,898</u>	<u>9,573</u>
				<u>1,787,471</u>
Grants & contributions				
Government grants	856,210	-	787,210	-
Paycheck Protection Program	726,049	-	187,079	-
Contributions				
Foundation	1,034,300	-	850,388	-
Corporate	375,206	-	510,154	-
Individual	319,175	140,144	538,394	214,839
Benefit & special events, net of direct costs of \$71,380 and \$19,831	410,911	-	21,169	-
Donated materials & services	1,445	-	15,586	-
	<u>3,723,296</u>	<u>140,144</u>	<u>3,863,440</u>	<u>214,839</u>
				<u>3,124,819</u>
Total revenue, grants & contributions	4,167,857	146,639	4,314,496	224,412
Net assets released from restriction	-	-	768,673	(768,673)
				(544,261)
Expenses				
Production	4,167,857	146,639	5,456,551	4,912,290
General & administrative	2,459,388	-	4,990,953	-
Fund raising	375,107	-	465,425	-
	250,445	-	457,731	-
	<u>3,084,940</u>	<u>-</u>	<u>5,914,109</u>	<u>-</u>
Change in net assets	1,082,917	146,639	(457,558)	(544,261)
Net assets (accumulated deficit)				
Beginning of year	(408,546)	5,114,431	49,012	5,658,692
End of year	<u>\$ 674,371</u>	<u>\$ 5,261,070</u>	<u>\$ 5,935,441</u>	<u>\$ 5,114,431</u>
				<u>\$ 4,705,885</u>

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020				
	Production	General & Administrative	Fund Raising	Total	Production	General & Administrative	Fund Raising	Total
Salaries	\$ 892,922	\$ 174,690	\$ 159,198	\$ 1,226,810	\$ 1,651,651	\$ 189,630	\$ 264,059	\$ 2,105,340
Payroll taxes	90,708	5,632	23,508	119,848	202,664	14,820	38,949	256,433
Employee benefits	166,412	36,385	17,113	219,910	231,026	47,961	18,980	297,967
	<u>1,150,042</u>	<u>216,707</u>	<u>199,819</u>	<u>1,566,568</u>	<u>2,085,341</u>	<u>252,411</u>	<u>321,988</u>	<u>2,659,740</u>
Direct production	235,985	-	-	235,985	484,420	-	-	484,420
Royalties	16,773	-	-	16,773	53,840	-	-	53,840
Theater payroll	314	-	-	314	18,525	-	-	18,525
Subscriptions	27,644	-	-	27,644	40,179	-	-	40,179
Marketing	106,189	-	-	106,189	271,385	-	-	271,385
Production supplies	53,654	-	-	53,654	50,317	-	-	50,317
Insurance	50,773	6,044	3,627	60,444	66,845	7,958	4,775	79,578
Telephone	913	600	-	1,513	2,817	770	766	4,353
Repairs & maintenance	16,211	-	-	16,211	17,074	739	4,436	22,249
Outside services	158,493	56,464	8,250	223,207	710,417	60,137	18,208	788,762
Miscellaneous	3,120	831	-	3,951	11,481	250	-	11,731
Accommodations & travel	57,777	-	-	57,777	195,262	856	-	196,118
Office expenses	45,866	11,858	34,019	91,743	115,973	44,607	96,059	256,639
Dues & subscriptions	8,301	-	-	8,301	10,115	-	-	10,115
Professional fees	-	27,835	-	27,835	-	14,653	-	14,653
Interest	-	3,767	-	3,767	-	5,595	-	5,595
Rent & utilities	133,057	37,502	-	170,559	264,629	64,927	800	330,356
Credit card & bank charges	25,216	1,449	127	26,792	46,318	1,319	420	48,057
Tour/education program	315,414	-	-	315,414	363,472	-	-	363,472
Building transition expenses	11,039	-	-	11,039	126,935	-	-	126,935
Donated materials & services	-	160	1,285	1,445	12,832	439	2,315	15,586
Next Stage Campaign expenses	-	-	1,382	1,382	-	-	6,212	6,212
Accessibility services	1,682	-	-	1,682	4,375	-	-	4,375
Total expenses before depreciation	2,418,463	363,217	248,509	3,030,189	4,952,552	454,661	455,979	5,863,192
Depreciation	40,925	11,890	1,936	54,751	38,401	10,764	1,752	50,917
Total expenses	\$ 2,459,388	\$ 375,107	\$ 250,445	\$ 3,084,940	\$ 4,990,953	\$ 465,425	\$ 457,731	\$ 5,914,109

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 1,229,556	\$ (1,001,819)
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	54,751	50,917
Pledges received with restrictions	(140,144)	(214,839)
Small Business Administration loan recognized as income	(726,049)	(187,079)
(Increase) decrease in		
Grants and accounts receivable	(106,841)	139,067
Prepaid expenses	31,462	(421,124)
Deposits	-	(2,699)
Increase (decrease) in		
Accounts payable	(3,496)	143,248
Accrued payroll & payroll tax	(30,420)	(1,618)
Revenue received in advance	(143,466)	(64,466)
Grants received with conditions	(146,365)	625,737
Rent security deposits	-	(850)
Net cash provided by (used in) operating activities	<u>18,988</u>	<u>(935,525)</u>
Cash flows from investing activities		
Proceeds from maturity of certificate of deposit	200,200	200,600
Acquisition of certificate of deposit	(200,053)	(200,200)
Acquisition of property & equipment	(12,616)	(124,566)
Net cash used in investing activities	<u>(12,469)</u>	<u>(124,166)</u>
Cash flows from financing activities		
Collections on pledges receivable with restrictions	1,597,658	1,803,898
Remittance to New Brunswick Performing Arts Center	(341,207)	(310,310)
Repayment of line of credit	(300,000)	-
Proceeds from Small Business Administration loan	591,550	608,100
Advance on line of credit	-	300,000
Net cash provided by financing activities	<u>1,548,001</u>	<u>2,401,688</u>
Net increase in cash & cash equivalents	1,554,520	1,341,997
Cash		
Beginning of year	<u>2,817,314</u>	<u>1,475,317</u>
End of year	<u>\$ 4,371,834</u>	<u>\$ 2,817,314</u>
Supplemental Disclosure:		
Cash paid for interest	\$ 3,767	\$ 5,595

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

(1) **Nature of Organization**

George Street Playhouse, Inc. (the Company) is a non-profit Equity theater in New Brunswick, New Jersey, presenting new and established plays and musicals.

George Street Playhouse, Inc. is a resident company of the New Brunswick Performing Arts Center located at 11 Livingston Avenue, New Brunswick, New Jersey.

(2) **Summary of Significant Accounting Policies**

Basis of presentation

In accordance with generally accepted accounting principles in the United States, the Company reports its financial position and activities on the accrual basis of accounting and according to two classes of net assets: without donor restrictions and with donor restrictions. Revenue with donor restrictions which is expended in the year of recognition is presented as without donor restrictions for financial statement presentation.

Contributions

Contributions received are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed conditions.

Grants

Grants received from foundations and corporations are treated as contributions and are recorded as without or with donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

Grants received from government agencies are recognized as income when the terms and conditions of each grant award are substantially met.

Revenue

Revenue from performance and educational activities is recognized when the related service or event has occurred.

Certificates of deposit

Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

Cash

For the purposes of the statement of cash flows, cash includes demand deposit accounts in financial institutions.

Property & equipment

Property & equipment with estimated useful lives in excess of one year are capitalized and depreciated on a straight line basis over that life.

Donated materials & services

Donated materials and services are recorded as contributions at fair market value at the date of receipt. Expense values are recorded at an amount equal to the gift in kind contributions, except for capitalized furniture and equipment contributions with a remaining economic life in excess of one year.

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Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Direct costs are charged to production or fund raising. Indirect costs and general support items are charged to general and administrative. Certain costs have been allocated among functions based on the benefit derived.

Use of estimates

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

Concentrations of credit and market risk

Financial instruments that potentially expose the Company to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Company has not experienced any losses on its cash equivalents. The Company's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is invested in a certificate of deposit.

Accounting for uncertainty in income taxes

The Company's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. The Company's exempt organization filings for the years ended June 30, 2018 through 2021 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Company's financial activities for income and unrelated business income tax for those years.

New accounting pronouncements

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance, lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

(3) Certificate of Deposit

As of June 30, 2021, the Company holds one certificate of deposit of \$200,053 bearing interest at .02% and maturing on January 1, 2022. As of June 30, 2020, the Company held one certificate of deposit of \$200,200 bearing interest at .20% which matured on January 1, 2021.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

(4) **Pledges Receivable**

During the year ended June 30, 2018, the Company launched the Campaign for George Street Playhouse. Related pledges received with donor restrictions, have financed the transition of the Company from downtown New Brunswick to temporary space and back and will provide financial support in its new venue at the New Brunswick Performing Arts Center.

As of June 30, 2021 and 2020, pledges receivable are as follows:

	<u>2021</u>	<u>2020</u>
Gross pledges receivable	\$2,860,375	\$4,455,034
Less unamortized discount	<u>76,040</u>	<u>173,651</u>
Present value of pledges	2,784,335	4,281,383
Less reserve for uncollectible pledges	<u>143,000</u>	<u>222,752</u>
Net pledges receivable	<u>\$2,641,335</u>	<u>\$4,058,631</u>

As of June 30, 2021, gross pledges receivable in future years, based on donor pledge payment schedules, are as follows for years ending June 30:

2022	\$1,455,375
2023	<u>1,405,000</u>
	<u>\$2,860,375</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

(5) **Naming Pledge Commitments**

The Company has received pledges for naming opportunities in the Campaign for George Street Playhouse for specific areas of the New Brunswick Performing Arts Center (NBPAC). As a resident company of NBPAC, the Company has agreed to share 20% of these pledge collections with NBPAC through Cultural Center Redevelopment Associates Urban Renewal LLC and has recorded a related liability in conjunction with the underlying pledge revenue. As of June 30, 2021 and 2020 respectively, the net liability due to NBPAC is as follows:

	<u>2021</u>	<u>2020</u>
Gross amount due to NBPAC	\$644,595	\$985,202
Less unamortized discount	<u>14,745</u>	<u>34,912</u>
Present value of amount due NBPAC	629,850	950,290
Less reserve for uncollectible pledges	<u>32,230</u>	<u>51,681</u>
Net liability	<u>\$597,620</u>	<u>\$898,609</u>

Gross amounts due to NBPAC will be payable as follows in future years ending June 30 based on anticipated collections from donors:

2022	\$324,595
2023	<u>320,000</u>
	<u>\$644,595</u>

(6) **Pledge Revenue**

Pledge revenue recognized during the years ended June 30, 2021 and 2020 relating to the Campaign for George Street Playhouse is recorded as follows:

	<u>2021</u>	<u>2020</u>
Gross pledges received	\$ 3,000	\$ 45,748
Adjustments:		
Amortization of discount	20,167	112,407
Allowance for uncollectible pledges	19,451	87,777
Net liability due to NBPAC	<u>97,526</u>	<u>(31,093)</u>
Net pledge revenue	<u>\$140,144</u>	<u>\$214,839</u>

(7) **Property & Equipment**

Property & equipment at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Office equipment	\$104,455	\$104,456
Capital improvements	32,409	25,895
Theater equipment	<u>713,556</u>	<u>712,247</u>
	850,420	842,598
Less accumulated depreciation	<u>579,857</u>	<u>529,900</u>
	<u>\$270,563</u>	<u>\$ 312,698</u>

During the year ended June 30, 2020, the Company moved from temporary space to its new permanent home in downtown New Brunswick. Certain fully depreciated leasehold improvements and equipment were disposed in connection with that move.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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(8) **Lines of Credit**

Letter of credit - Amboy Bank

The Company maintains a letter of credit in the of amount of \$51,700 with Amboy Bank, secured by a minimum in Asset Management Business Account in the same amount. The letter is extended to the Actors' Equity Association to guarantee Equity members a minimum of two weeks' salary in accordance with Actors' Equity Association regulations. The letter expires July 31, 2022.

Line of credit - PNC Bank

The Company maintains a \$300,000 line of credit with PNC Bank to provide for working capital requirements. Amounts borrowed on the line bear interest at .50% below the highest prime rate as published by the Wall Street Journal. Outstanding balances are secured by a \$200,000 certificate of deposit; the line matures on December 12, 2021. As of June 30, 2021 and 2020, outstanding advances were \$0 and \$300,000, respectively.

(9) **Small Business Administration Loans**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which has spread throughout the United States. In response to the pandemic, the United States Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES) which provides direct economic assistance and loans to business entities. In May 2020, the Company received a loan of \$608,100 under the Paycheck Protection Program (PPP) which is a component of the CARES Act. The loan is repayable over 5 years at a rate of 1%. The Company met the forgiveness criteria for the entire loan balance which was recognized as income of \$421,021 and \$187,079 during the years ended June 30, 2021 and 2020, respectively.

The Company received a second loan in the amount of \$591,550 under the extended Paycheck Protection Program, a component of The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act) in February 2021. As of June 30, 2021, the outstanding balance is \$286,522, repayable over 5 years at a rate of 1%; \$305,028 was recognized as grant income during the year ended June 30, 2021, having met the forgiveness criteria for that portion of the loan. Management expects to meet the forgiveness criteria for the remaining portion of the loan during the year ending June 30, 2022 and recognize \$286,522 as income during that period.

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(10) **Operating Leases**

1470 Jersey Avenue

The Company leases space for its scene-shop located at 1470 Jersey Avenue, North Brunswick, New Jersey, expiring in August 2023. Monthly lease payments are \$7,466 through August 2021, escalating to \$7,667 through August 2023.

Administrative space

The company leases its administrative office space in downtown New Brunswick from Middlesex County. The initial lease expires in October 2024 with monthly lease payments of \$10,025. The lease is extended, expiring in October 2025, due to a COVID-related moratorium on lease payments from April 2020 through March 2021.

46 Paterson Street

The Company leases a costume storage space in New Brunswick. The terms of the lease call for monthly payments of \$1,350; the lease expires June 30, 2022.

Office equipment

The Company leases a copier under an operating lease. The terms of the lease call for monthly payments of \$194 for sixty months; the lease expires in October 2024. The Company also leases a postage meter with quarterly payments of \$390; the lease expires in December 2024.

285 George Street

The Company leases an apartment for its actors in New Brunswick. The terms of the lease call for monthly payments of \$1,547; the lease expired June 30, 2021 and has been extended.

Minimum future base rental payments for years ending June 30 are:

2022	\$239,972
2023	215,787
2024	139,520
2025	121,767
2026	<u>40,100</u>
	<u>\$757,146</u>

Rent expense for the years ended June 30, 2021 and 2020 totaled \$158,876 and \$204,582, respectively.

(11) **Related Parties**

Beginning in October 2019, the Company occupies performance and administrative space in the New Brunswick Performing Arts Center. The Company has an arrangement with the New Brunswick Performing Arts Center wherein it is obligated to pay \$5 per ticket sold in lieu of rent. Administrative space is located in the same building and is being leased from Middlesex County.

(12) **Income Taxes**

The Company is exempt from income taxes as a non-profit corporation under Internal Revenue Code Section 501(c)(3) and, accordingly, the financial statements do not reflect a provision for federal or state income taxes. All applicable returns for the exempt organization are filed in a timely manner. The Company is liable for payment of payroll taxes as an employer; all such amounts are paid in a timely manner as required by state and federal regulations.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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(13) **Retirement Plan**

The Company sponsors a salary reduction plan under Section 403(b) of the Internal Revenue Code wherein employees may make elective contributions. The Company contribution was \$0 for the years ended June 30, 2021 and 2020.

(14) **Insured Deposits**

As of June 30, 2021, cash exceeding federally insured limits in six depository institutions totaled \$2,141,292. As of June 30 2020, cash exceeding federally insured limits in five depository institutions totaled \$1,121,234.

(15) **Net Assets**

Board designated net assets

During the year ended June 30, 2021, the Company designated \$255,703 as an addition to the Campaign for George Street Playhouse.

With Donor Restrictions

The nature of net assets with donor restrictions, is as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Campaign for George Street Playhouse	\$4,924,136	\$4,777,497
Endowment restricted in perpetuity	<u>336,934</u>	<u>336,934</u>
	<u>\$5,261,070</u>	<u>\$5,114,431</u>

Net assets released from donor imposed restrictions by incurring expenses satisfying the restricted purpose are as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Campaign for George Street Playhouse	\$ <u> -</u>	<u>\$768,673</u>

Net assets relating to the Campaign for George Street Playhouse carry donor-imposed restrictions relating to the Company's move from downtown New Brunswick to temporary space and back to the New Brunswick Performing Arts Center.

Net assets relating to the endowment restricted in perpetuity, established in 2002, consist of contributions received with donor-imposed restrictions, specifying the gift is to be held in perpetuity and invested by the Company. The income from the fund is to be expended on operations. The historic dollar value of those contributions must be maintained inviolate. The donor-restricted endowment fund is invested in money market funds and certificates of deposit.

Management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require standard care that is reasonable and prudent over its endowed funds. The Company classifies net assets with donor restrictions to be maintained in perpetuity at the original value of the gifts. Investment earnings on those funds are available for general expenditure.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

(16) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$4,371,834	\$2,817,314
Certificate of deposit	200,053	200,200
Grants & accounts receivable	236,229	129,388
Pledges receivable	<u>2,641,335</u>	<u>4,058,631</u>
Financial assets	7,449,451	7,205,533
Less:		
Net assets with restrictions	<u>5,261,070</u>	<u>5,114,431</u>
Financial assets available for general expenditure	<u>\$2,188,381</u>	<u>\$2,091,102</u>

As part of the Company's liquidity management plan, cash in excess of daily requirements is invested in interest-bearing demand deposits. Additionally, the Company has an available line of credit in the amount of \$300,000 to assist with cash flow requirements (see Note 8).

(17) Risks and Uncertainties

The COVID-19 pandemic has created and may continue to create significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact the Company's operations.

(18) Subsequent Events

The Company has evaluated the need for adjustments resulting from subsequent events through September 22, 2021, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of as of June 30, 2021.

GEORGE STREET PLAYHOUSE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 YEAR ENDED JUNE 30, 2021

Grantor	Pass-through Grantor	Program Title	Federal Number	Contract Number	Grant Period	Award Amount		Period Expenditures			
						Federal	State	Federal	State	Total	Total
		New Jersey State Council on the Arts	45.025	F-2104X010034	10/1/20-6/30/21	\$ 80,344	\$ 151,576	\$ 80,344	\$ 151,576	\$ 231,920	\$ 231,920
		General Operating Support		F-2115B040007	10/1/20-6/30/21	-	15,000	-	15,000	15,000	15,000
		Education		20COA-CRF-028	3/1/20-12/31/20	-	71,233	-	71,233	71,233	71,233
		Emergency Financial Assistance		2138X380048	3/1/21-6/30/21	-	20,000	-	20,000	20,000	20,000
		CCN Program 2021				80,344	257,809	80,344	257,809	338,153	338,153
		National Endowment for the Humanities	45.162	AH-275809-20	6/15/20-12/31/20	70,000	-	70,000	-	70,000	70,000
		Digital Teaching Institute				150,344	257,809	150,344	257,809	408,153	408,153
						\$ 150,344	\$ 257,809	\$ 150,344	\$ 257,809	\$ 408,153	\$ 408,153



**INDEPENDENT AUDITOR'S
REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Trustees
George Street Playhouse, Inc.

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of George Street Playhouse, Inc., as of and for the year ended June 30, 2021 and the related notes to the financial statements and have issued my report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered George Street Playhouse, Inc.'s internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I do not express an opinion on the effectiveness of George Street Playhouse Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

James M. Wood, Certified Public Accountant
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Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James M. Wood, CPA

September 22, 2021
Hillsborough, NJ