TRINITY REPERTORY COMPANY
Financial Statements
June 30, 2021 and 2020
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Trinity Repertory Company:

Report on Financial Statements

We have audited the accompanying financial statements of Trinity Repertory Company (a not-for-profit corporation) (the "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 financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Repertory Company 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.

WithumSmith+Brown, PC

October 5, 2021

Trinity Repertory Company
Statements of Financial Position
June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 6,169,422	$ 823,736	$ 6,993,158	$ 5,081,518	$ 342,459	$ 5,423,977
Investments	1,176,931	-	1,176,931	171,933	-	171,933
Employee retention tax credit receivable	294,098	-	294,098	-	-	-
Unconditional promises to give, net	18,499	154,166	172,665	40,600	230,603	271,203
Prepaid expenses and other current assets	104,249	-	104,249	59,516	-	59,516
Total current assets	7,763,199	977,902	8,741,101	5,353,567	573,062	5,926,629
Unconditional promises to give, net	-	410,621	410,621	-	273,400	273,400
Property and equipment, at cost, net of accumulated depreciation and amortization	5,581,965	-	5,581,965	5,592,496	-	5,592,496
Assets held at The Rhode Island Community Foundation	332,196	4,224,154	4,556,350	97,875	3,124,045	3,221,920
Deposits	4,050	-	4,050	7,700	-	7,700
Total assets	$ 13,681,410	$ 5,612,677	$ 19,294,087	$ 11,051,638	$ 3,970,507	$ 15,022,145
Liabilities and Net Assets						
Liabilities						
Current liabilities						
Loan payable	$ 87,504	$ -	$ 87,504	$ 87,504	$ -	$ 87,504
Accounts payable and accrued expenses	183,058	-	183,058	151,076	-	151,076
PPP1 loan payable	-	-	-	1,230,200	-	1,230,200
PPP2 loan payable	1,226,572	-	1,226,572	-	-	-
Deferred revenue	2,029,138	-	2,029,138	1,974,577	-	1,974,577
Capital lease obligation	45,184	-	45,184	39,214	-	39,214
Mortgage payable	-	-	-	6,940	-	6,940
Total current liabilities	3,571,456	-	3,571,456	3,489,511	-	3,489,511
Deferred rent credit	19,026	-	19,026	18,447	-	18,447
Capital lease obligation, net of current portion	1,431,924	-	1,431,924	1,477,108	-	1,477,108
Loan payable, net of current portion	968,728	-	968,728	1,056,232	-	1,056,232
Mortgage payable, net of current portion	-	-	-	159,547	-	159,547
Total liabilities	5,991,134	-	5,991,134	6,200,845	-	6,200,845
Net assets						
Without donor restrictions						
Property and equipment, net of capital lease obligation and mortgage	4,104,857	-	4,104,857	3,909,687	-	3,909,687
Board-designated	1,494,696	-	1,494,696	260,375	-	260,375
Undesignated	2,090,723	-	2,090,723	680,731	-	680,731
Total without donor restrictions	7,690,276	-	7,690,276	4,850,793	-	4,850,793
With donor restrictions	-	5,612,677	5,612,677	-	3,970,507	3,970,507
Total net assets	7,690,276	5,612,677	13,302,953	4,850,793	3,970,507	8,821,300
Total liabilities and net assets	$ 13,681,410	$ 5,612,677	$ 19,294,087	$ 11,051,638	$ 3,970,507	$ 15,022,145

The Notes to Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities						
Public support and other revenue						
Public support						
Government	$ 399,002	$ 50,000	$ 449,002	$ 149,322	$ 4,743	$ 154,065
Foundations	230,226	5,204	235,430	303,098	117,818	420,916
Corporations	66,296	51,700	117,996	182,380	-	182,380
Individuals and family foundations	1,546,248	147,666	1,693,914	1,176,851	34,014	1,210,865
Fundraising benefits	172,584	-	172,584	362,296	-	362,296
Less: direct costs of fundraising benefits	(1,205)	-	(1,205)	(205,147)	-	(205,147)
Donated services and materials	698,088	-	698,088	680,597	-	680,597
PPP1 loan forgiveness	361,618	-	361,618	-	-	-
Spending policy distribution	127,250	-	127,250	134,493	-	134,493
Net assets released from restrictions						
Individuals and family foundations	256,514	(256,514)	-	166,850	(166,850)	-
Foundations	18,018	(18,018)	-	124,916	(124,916)	-
Corporations	14,700	(14,700)	-	35,000	(35,000)	-
Government	4,743	(4,743)	-	-	-	-
Total public support	3,894,082	(39,405)	3,854,677	3,110,656	(170,191)	2,940,465
MFA Program income	2,575,007	-	2,575,007	2,848,366	-	2,848,366
Employee retention tax credit income	623,340	-	623,340	-	-	-
Education and engagement income	100,836	-	100,836	212,752	-	212,752
Rental income	44,732	-	44,732	9,307	-	9,307
Investment income	28,732	-	28,732	47,021	-	47,021
Program advertising	16,554	-	16,554	150,114	-	150,114
Miscellaneous income	4,603	-	4,603	5,804	-	5,804
Service charge and facility income	2,781	-	2,781	391,730	-	391,730
Ticket sales	2,251	-	2,251	3,250,679	-	3,250,679
Concession income, net of cost of goods sold	-	-	-	157,141	-	157,141
Total public support and other revenue	7,292,918	(39,405)	7,253,513	10,183,570	(170,191)	10,013,379
Expenses						
Program services	4,615,084	-	4,615,084	8,519,073	-	8,519,073
Supporting services						
Management and general	617,749	-	617,749	638,819	-	638,819
Fundraising	473,604	-	473,604	584,165	-	584,165
Total supporting services	1,091,353	-	1,091,353	1,222,984	-	1,222,984
Total expenses	5,706,437	-	5,706,437	9,742,057	-	9,742,057
Changes in net assets before non-operating activities (carried forward)	1,586,481	(39,405)	1,547,076	441,513	(170,191)	271,322

The Notes to Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets before non-operating activities (brought forward)	$ 1,586,481	$ (39,405)	$ 1,547,076	$ 441,513	$ (170,191)	$ 271,322
Non-operating activities						
Individuals and family foundations	-	30,861	30,861	-	99,909	99,909
Investment income (loss)	-	1,141,400	1,141,400	-	(35,706)	(35,706)
Spending policy distribution	-	(127,250)	(127,250)	-	(134,493)	(134,493)
PPP1 loan forgiveness	868,582	-	868,582	-	-	-
Capital contributions						
Government	329,536	-	329,536	153,705	-	153,705
Individuals and family foundations	-	691,448	691,448	-	450,000	450,000
Net assets released from restrictions						
Foundations	54,884	(54,884)	-	192,462	(192,462)	-
Total non-operating activities	1,253,002	1,681,575	2,934,577	346,167	187,248	533,415
Changes in net assets	2,839,483	1,642,170	4,481,653	787,680	17,057	804,737
Net assets						
Beginning of year	4,850,793	3,970,507	8,821,300	4,063,113	3,953,450	8,016,563
End of year	$ 7,690,276	$ 5,612,677	$ 13,302,953	$ 4,850,793	$ 3,970,507	$ 8,821,300

The Notes to Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries, payroll taxes and benefits	$ 2,254,762	$ 351,598	$ 290,816	$ 642,414	$ 2,897,176
Production costs	97,478	-	-	-	97,478
Cancelled performance costs	24,879	-	-	-	24,879
Rent, utilities and maintenance	462,010	72,044	59,589	131,633	593,643
Donated services and materials	698,088	-	-	-	698,088
Advertising and marketing	38,135	-	-	-	38,135
Office expenses	204,012	31,813	26,313	58,126	262,138
Interest expense	113,724	28,280	-	28,280	142,004
Fundraising benefit expense	-	-	1,205	1,205	1,205
Consulting fees and development	130,249	-	9,200	9,200	139,449
Miscellaneous	28,918	4,507	3,730	8,237	37,155
Insurance	50,281	7,841	6,485	14,326	64,607
Concession cost of goods sold	1,711	-	-	-	1,711
Artistic expenses	50,562	-	-	-	50,562
Artist relief payments	40,000	-	-	-	40,000
Dues and memberships	1,139	19,120	14,300	33,420	34,559
Travel and entertainment	8,331	720	865	1,585	9,916
Professional fees	-	37,500	-	37,500	37,500
Bad debt expense	-	-	9,100	9,100	9,100
Depreciation and amortization	412,516	64,326	53,206	117,532	530,048
Total expenses	4,616,795	617,749	474,809	1,092,558	5,709,353
Less: Expenses included with revenues on the statement of activities					
Concession cost of goods sold	(1,711)	-	-	-	(1,711)
Direct costs of special events	-	-	(1,205)	(1,205)	(1,205)
	$ 4,615,084	$ 617,749	$ 473,604	$ 1,091,353	$ 5,706,437

The Notes to Financial Statements are an integral part of this statement.

Trinity Repertory Company
Statement of Functional Expenses
Year Ended June 30, 2020

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Salaries, payroll taxes and benefits	$ 4,841,049	$ 401,136	$ 387,526	$ 788,662	$ 5,629,711
Production costs	465,046	-	-	-	465,046
Cancelled performance costs	412,706	-	-	-	412,706
Rent, utilities and maintenance	516,604	42,807	41,354	84,161	600,765
Donated services and materials	674,052	3,329	3,216	6,545	680,597
Advertising and marketing	256,683	-	-	-	256,683
Office expenses	426,931	35,376	34,176	69,552	496,483
Interest expense	116,251	54,197	-	54,197	170,448
Fundraising benefit expense	-	-	206,868	206,868	206,868
Consulting fees and development	68,795	7,583	49,934	57,517	126,312
Miscellaneous	46,081	3,844	3,714	7,558	53,639
Insurance	56,018	4,642	4,484	9,126	65,144
Concession cost of goods sold	68,749	-	-	-	68,749
Artistic expenses	58,565	-	-	-	58,565
Dues and memberships	14,348	13,363	15,600	28,963	43,311
Travel and entertainment	84,580	1,919	757	2,676	87,256
Professional fees	-	30,736	-	30,736	30,736
Bad debt expense	-	-	3,150	3,150	3,150
Depreciation and amortization	481,364	39,887	38,533	78,420	559,784
Total expenses	8,587,822	638,819	789,312	1,428,131	10,015,953
Less: Expenses included with revenues on the statement of activities					
Concession cost of goods sold	(68,749)	-	-	-	(68,749)
Direct costs of special events	-	-	(205,147)	(205,147)	(205,147)
	$ 8,519,073	$ 638,819	$ 584,165	$ 1,222,984	$ 9,742,057

The Notes to Financial Statements are an integral part of this statement.

Trinity Repertory Company
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating and non-operating activities		
Changes in net assets	$ 4,481,653	$ 804,737
Adjustments to reconcile changes in net assets to		
net cash provided by operating and non-operating activities		
Depreciation and amortization	530,048	559,784
Donated securities	(394,338)	(224,316)
Change in present value and reserve for uncollectible pledges	20,205	220,673
Realized (gain) loss on sale of donated securities	387	(152)
Unrealized (gain) loss on investments	1,720	(4,119)
Bad debt expense	9,100	3,150
PPP1 loan forgiveness	(1,230,200)	-
Credit for real estate taxes upon purchase of intern housing	-	(2,441)
Fund activities		
Unrealized (gain) loss on investments	(981,447)	117,335
Realized gain on sale of investments	(151,043)	(69,808)
Reinvested interest and dividends	(39,432)	(40,972)
Investment management fees and expenses	31,287	29,154
Change in assets and liabilities		
Employee retention tax credit receivable	(294,098)	-
Unconditional promises to give	(67,988)	381,200
Prepaid expenses and other current assets	(44,733)	59,938
Deposits	3,650	188,800
Accounts payable and accrued expenses	31,982	63,194
Deferred revenue	54,561	(231,069)
Deferred rent credit	579	579
Net cash provided by operating and non-operating activities	1,961,893	1,855,667
Investing activities		
Proceeds from sale of donated securities	393,951	224,468
Fund activities		
Transfer of endowment contributions	(338,996)	(232,227)
Receipt of spending policy distribution	145,200	134,493
Capital expenditures	(18,919)	(146,807)
Payments towards construction in progress	(500,598)	(171,042)
Payment for purchase of investments	(1,006,717)	-
Net cash used in investing activities	(1,326,079)	(191,115)
Financing activities		
PPP1 loan borrowed	-	1,230,200
PPP2 loan borrowed	1,226,572	-
Principal payments towards loan payable	(87,504)	(87,504)
Principal payments towards mortgage	(166,487)	(47,113)
Principal payments towards capital lease obligation	(39,214)	(33,689)
Net cash provided by (used in) financing activities	933,367	1,061,894
Net change in cash and cash equivalents	1,569,181	2,556,446
Cash and cash equivalents		
Beginning of year	5,423,977	2,867,531
End of year	$ 6,993,158	$ 5,423,977
Supplemental disclosure of cash flow information		
Interest paid (loans and mortgage)	$ 28,211	$ 54,197
Interest paid (capital lease)	$ 113,724	$ 116,251
Non-cash activities		
Mortgage received for the purchase of intern housing	$ -	$ 213,600
Credit for real estate taxes upon purchase of intern housing	$ -	$ 2,441

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Trinity Repertory Company (the "Organization") is a not-for-profit corporation located in Providence, Rhode Island. Founded in 1963, the Organization was established to promote the appreciation of theater through theatrical productions, provide and support facilities for education and instruction in the art of theater, and to offer seminars, workshops and other programs relating to the art of theater.

Due to the impacts of the SARS-CoV-2 virus, the Organization temporarily ceased in-person theatrical performances on March 12, 2020 and has not resumed. The Organization is scheduled to have its first in-person theatrical performance on November 4, 2021.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables, and other liabilities.

The Organization's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: include expendable resources that are used to carry out the Organization's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with side parties. In addition, net assets without donor restrictions include board designated endowment funds and property and equipment used in operations.

Net assets with donor restrictions: net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and promises to give wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations, subject to the Organization's spending policy.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Fair Value Measurements

The majority of the Organization's investments are held at The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The total of the Foundation's net assets are valued at approximately $1.206 billion stated at fair value (per the December 31, 2020 audited financial statements) and the Organization's allocated share of the net assets as of June 30, 2021 and 2020 is approximately $4.5 million or .4%. Since the majority of the Organization's investments are invested in the Foundation, the Foundation's investment policy is included within these disclosures in order to provide further detail on how fair value has been determined by the Foundation.

The fair values of the financial instruments as of December 31, 2020 and 2019, represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

The Foundation follows generally accepted accounting principles in the United States of America (“GAAP”) regarding the treatment of transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. GAAP requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

All investments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. Level 1 includes debt and equity securities that trade in an active exchange market, as well as U.S. Treasury securities;

Level 2 - observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

Level 3 - unobservable inputs are used when little or no market data is available. Significant professional judgment is used in determining the fair value assigned to such assets or liabilities. This category includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Investment management and custody fees represent fees paid directly to the investment managers.

The financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities. There were no changes in the methodologies from June 30, 2020 to June 30, 2021.

Fair values of assets measured on a recurring basis at June 30, 2021 consist of bonds and exchange traded funds. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the Organization’s investments not held at the Foundation as of June 30, 2021 was $1,176,931 and the cost basis was $1,169,268. The fair value of the Organization’s assets as of June 30, 2020 was $171,933 and the cost basis was $162,550.

Investments
Investments include those held by the Organization as well as the funds invested in the Foundation. The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. The investment portfolio is allocated approximately 55% equity investments, 40% alternative investments, and 5% fixed income investments. The equity investments are further diversified into domestic, international, and emerging markets. The alternative investments are further diversified into private equity, real assets, and hedge/absolute return strategies. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, and industries.

Investments held by the Organization in marketable securities are reported at market value in the accompanying statements of financial position. All investments are stated at their fair value. Investments received by gift are initially recorded at fair value at the date of receipt. Fair values for exchange-traded funds are based on quoted market prices. The fair values assigned to these assets do not necessarily represent amounts that might be realized upon their ultimate disposition.

Realized and unrealized investment gains or losses are determined by comparison of the asset cost basis to net proceeds received at the time of disposition on a first in first out basis (realized) and comparison of the difference between market values and the cost basis (unrealized), respectively. Dividend and interest income are recognized when earned.

Property and Equipment
Property and equipment acquired are recorded at cost per project. It is the Organization's policy to capitalize expenditures for these items in excess of $5,000 (per project). Lesser amounts are expensed. Building, equipment, and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements.

Advertising Costs
Advertising costs are charged to operations at the time the advertising occurs, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense, including amounts included in cancelled performance costs, for the years ended June 30, 2021 and 2020 was $618,535 and $748,783, respectively, which includes $580,400 and $492,100, respectively, of donated advertising.

Production Costs
Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed prior to the issuance of the financial statements, all production costs have been expensed. The Organization maintains certain scenery and costume inventories of past productions. The Organization is unable to determine future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original show.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation, fair market value of investments, and present value of unconditional promises to give. Actual results could differ from those estimates.

Tax Status and Uncertain Tax Positions
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is obligated for unrelated business income tax on net income from program advertising. The Organization has incurred net losses from this activity; therefore, there is no tax liability on this unrelated business activity. As of June 30, 2021, the Organization had approximately $533,000 in net operating loss carryforwards, which begin to expire in the year 2033. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties and interest included in these financial statements.

Revenue and Support Recognition
Contributions and Unconditional Promises to Give - Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Revenue from Contracts with Customers - The Organization accounts for income from ticket sales, MFA Program, service charge and facility, education and engagement, concessions, and program advertising as exchange transactions in the statements of activities. Revenue from contracts with customers are treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities and recorded as deferred income in the statement of financial position.

Fundraising Benefit - Fundraising benefit revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as a conditional contribution when received and reported as a refundable advance on the statement of financial position, and is recognized as revenue when the condition is met, which is when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the statement of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

Other revenues are obtained from rental income, miscellaneous, and investment income. These revenues are used to offset program, management and general, and fundraising expenses. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization performs the following steps (i) identify contracts with customers; (ii) Identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation.

The following summarizes the Organization's performance obligations:

Ticket Sales
Ticket sales represent the sums actually paid for individual tickets of admission to a production of the Organization including handling and other fees. Tickets are non-refundable at the time of receipt unless a performance is cancelled. The Organization estimates the number of cancellations and records a reserve if deemed material. Fees are non-refundable at the time of receipt. The Organization allows for exchanges under certain circumstances for tickets of equal or lesser value. The total yearly adjustment for exchanged tickets is immaterial to the Organization. Tickets purchased in advance are recorded as contract liabilities by the Organization. Advanced ticket sales are recorded as revenue when the performance related to the ticket sale is complete. Admission is recognized at a specific point in time, which is when the performance related to the ticket is complete.

Service Charge and Facility Income
Service charges and facility fees represent the income received as an additional charge at the time of sale when purchasing a ticket. These charges are used for facility upkeep, processing and/or printing the individual ticket of admission to a production of the Organization. These fees are non-refundable at the time of receipt. Service charge and facility income is recognized at a specific point in time, which is when the performance related to the ticket sale income is complete.

MFA Program Income
MFA Program income represents income received from an agreement with Brown University to put on the educational program related to acting and directing at the University. Income is calculated as the budgeted amount to establish and execute the education program on a yearly basis. MFA Program income is recognized at a specific point in time, which is the first day of the quarter that the income is related to.

Other Exchange Transactions
Royalties are recognized when the performance is complete. Education income is recognized in the period to which the fees relate. Concession income is recognized when the sale occurs. Theater tour event is recognized when the event is complete. Enhancement income is recognized over the length of the production.

The timing of revenue recognition, billings and cash collections results in contract liabilities which are shown as deferred revenue on the statements of financial position. Contract liabilities as of June 30, 2021 and 2020 are $2,029,138 and $1,974,577, respectively.

The opening balances of accounts receivable and deferred revenue at July 1, 2019 were $0 and $2,205,646, respectively.

2. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS

Net Assets Without Donor Restrictions

The Board-designated net assets consist of The National Endowment for the Arts ("NEA") cash reserve which totaled $260,375 as of June 30, 2021 and 2020, respectively. During the year ended June 30, 2021, the Organization designated $234,321 of an unrestricted bequest in accordance with the Organization's investment policy. During the year ended June 30, 2021, the Organization designated an additional $1,000,000 of net assets as Board-designated for building and capital assets. Investment earnings on both funds are undesignated for operations.

Net Assets With Donor Restrictions

The following net assets are restricted for the following as of June 30:

	2021	2020
Grants and contributions		
Future periods and programs		
Future programs and periods	$ 356,376	$ 494,410
Capital campaign (Note 9)	1,300,201	475,000
Excess investment earnings - Funds (Note 7)	1,282,982	287,547
	2,939,559	1,256,957
Less: Discount for present value and reserve for uncollectible	(270,054)	(199,664)
	2,669,505	1,057,293
Donor-designated endowments		
Donor directed use of investment income		
Project Discovery Endowment	684,215	685,018
Chace Endowment	500,000	500,000
NEA Challenge Grant Endowment	435,000	435,000
Richard Cumming Endowment Fund	271,933	271,933
NEA Challenge Grant Cash Reserve	262,500	262,500
Duke Endowment	213,194	213,194
General Endowment	141,862	137,487
Robert Clayton Black Fellowship Fund	51,425	48,925
Kavanaugh Fund	51,092	51,092
Heidi Keller Moon Fund for Project Discovery	50,000	35,000
Eustis Endowment	45,650	45,650
John and Yvette Harpootian Fund	43,200	35,600
Claiborne and Nuala Pell Fund	30,100	30,100
Stephen Hamblett Memorial Fund	30,000	30,000
Rakatansky Endowment	30,000	30,000
Victoria Irene Ball Fund	24,572	24,572
Michael and Donna Lee Gennaro Fund	17,700	17,700
Tilles Family Endowment Fund	17,225	16,225
Margo Skinner Memorial Fund	16,400	16,400
Barbara Meek Memorial Fund	14,310	14,210
Ed Hall Fund	12,794	12,794
	2,943,172	2,913,400
Less: Discount for present value	-	(186)
	2,943,172	2,913,214
	$ 5,612,677	$ 3,970,507

The Organization's endowment consists of donor-restricted endowment funds established for specific purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of 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, the Organization classifies as Donor-Designated Endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as Donor-Designated Endowment is classified as Excess Investment Earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

a. The duration and preservation of the fund;
b. The purposes of the Organization and the donor-restricted endowment fund;
c. General economic conditions;
d. The possible effect of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. Other resources of the Organization; and
g. The investment policy of the Organization.

Changes in endowment net assets during the year ended June 30, 2021 were as follows:

Endowment Net Assets, June 30, 2020	$ 2,913,214
Contributions	29,772
Change in discount for present value	186
Endowment Net Assets, June 30, 2021	$ 2,943,172

Changes in endowment net assets during the year ended June 30, 2020 were as follows:

Endowment Net Assets, June 30, 2019	$ 2,813,305
Contributions	93,128
Change in discount for present value	6,781
Endowment Net Assets, June 30, 2020	$ 2,913,214

Return Objectives and Risk Parameters
The Organization has adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk. See Note 7 investment income spending policy.

Strategies Employed for Achieving Objectives
To satisfy its return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2021	2020
Financial assets		
Cash and cash equivalents	$ 6,169,422	$ 5,081,518
Employee retention tax credit receivable	294,098	-
Investments	1,176,931	171,933
Unconditional promises to give	18,499	40,600
	7,658,950	5,294,051
Board-designated net assets (Note 2)	(1,494,696)	(260,375)
Liquidity resources		
Unused line of credit	300,000	300,000
Total financial assets and liquidity resources available within one year	$ 6,464,254	$ 5,333,676

The Organization’s cash flows are substantially supported by the performances at their theater. The Organization produces and performs at their theater and generates cash flow through ticket sales and concessions. The Organization receives advance ticket sales for the productions at their theater. The Organization has an agreement with a local university to provide theater education programs as a part of a degree program at the university. In addition, the Organization has pledge campaigns to fund operations and other projects. The Organization’s endowment funds consist of donor-restricted endowments. The Organization’s endowment policy provides for an annual distribution for operating purposes.

4. CONCENTRATION OF CREDIT RISK AND RESTRICTED CASH

The Organization maintains its cash and cash equivalent balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. One of the Organization’s accounts is insured by the National Credit Union Share Insurance Funds up to $250,000. One of the Organization’s accounts is fully insured by the Share Insurance Fund. At June 30, 2021, the Organization's cash and cash equivalents uninsured balances totaled $4,818,739. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Organization’s investment account is insured by the Securities Investor Protection Corporation (“SIPC”) up to $500,000 per customer. At June 30, 2021, the Organization's uninsured investment balances totaled $676,930.

The Organization has obtained a letter of credit in the amount of $11,338 as part of an obligation to post a bond under a collective bargaining agreement with the Actors' Equity Association. The bond currently expires in June 2022.

5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value. When estimating fair value of unconditional promises to give, the relationships with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered by management and incorporated into a fair value measurement computed using present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as public support. Unconditional promises to give to be received after one year are discounted at a rate of 5%. Due to the impacts of the SARS-CoV-2 virus, management has created a reserve for uncollectible promises to give as of June 30, 2021 and 2020.

Unconditional promises to give consist of the following as of June 30, 2021:

	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 18,499	$ -	$ 18,499
With donor restrictions	279,166	555,676	834,842
	297,665	555,676	853,341
Less: Discount for present value and reserve for uncollectible	(125,000)	(145,055)	(270,055)
	$ 172,665	$ 410,621	$ 583,286

Unconditional promises to give consist of the following as of June 30, 2020:

	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 90,600	$ -	$ 90,600
With donor restrictions	305,603	398,250	703,853
	396,203	398,250	794,453
Less: Discount for present value and reserve for uncollectible	(125,000)	(124,850)	(249,850)
	$ 271,203	$ 273,400	$ 544,603

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

Description	Life/Years	2021	2020
Land	n/a	$ 234,100	$ 234,100
Building and improvements	10-50	9,026,894	8,772,387
Leasehold property	Life of lease	1,800,000	1,800,000
Equipment	3-5	1,127,877	1,127,877
Furniture and fixtures	5-7	1,256,994	1,248,958
Leasehold improvements	10-20	601,072	601,072
		14,046,937	13,784,394
Less: Accumulated depreciation and amortization		(8,801,547)	(8,271,499)
Construction in progress	n/a	336,575	79,601
		$ 5,581,965	$ 5,592,496

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was $530,048 and $559,784, respectively.

Construction in progress consists of costs incurred in relation to multiple renovation projects (see Note 9). Since the projects were not complete at either June 30, 2021 or 2020, the costs have not been depreciated.

7. ASSETS HELD IN FUND

The Organization transfers all endowment monies received that are with donor restriction to The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The Foundation created The Fund for Trinity Repertory Company (the “Fund”). The Fund also maintains a portion of Board-designated net assets (Note 2) for investment purposes. Any net excess investment earnings earned by the Fund after making an annual distribution to the Organization are further restricted and reflected within net assets with donor restrictions. During the years ended June 30, 2021 and 2020, the Fund’s investments had a net gain (loss) of $995,435 and $(170,199), respectively. The balance in with donor restrictions is $1,282,982 and $287,547 as of June 30, 2021 and 2020, respectively (see Note 2).

The Foundation manages its investment income spending policy by the "total return" method, which utilizes the Board-approved prudent spending rate percentage applied against a sixteen-quarter average investment portfolio market value. This method allows for the investments to be invested over the long term in order to achieve its primary investment objective. The Foundation's spending rate percentage ranges from 5% to 6.53%.

During the years ended June 30, 2021 and 2020, the Fund made a distribution of $145,965 and $134,493, respectively. $18,715 of the amounts distributed during the year ended June 30, 2021 remained in with donor restrictions as they were not spent. The assets of the Fund are commingled with other assets of the Foundation for investment purposes.

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2020 with the fair values reflected as of June 30, 2021:

	Level 1	Level 2	NAV	Total
Short term investments				
Cash and cash equivalents	$ 176,712	$ -	$ -	$ 176,712
Mutual funds - fixed income	110,457	-	-	110,457
Mutual funds and common trust funds				
Equity	1,117,479	-	-	1,117,479
Real estate	80,633	-	-	80,633
Common stocks, preferred stock, and bonds				
US Treasury bonds	1,675	-	-	1,675
International bonds	-	-	-	-
Short duration bonds	-	-	-	-
International funds - equities and fixed income				
Emerging markets: equity	191,557	-	-	191,557
Developed markets: equity	920,999	-	-	920,999
Developed markets: fixed	67,319	-	-	67,319
Bonds				
International bonds	-	7,027	-	7,027
U. S. Treasury	-	24,373	-	24,373
Corporate	-	86,352	-	86,352
Asset-backed securities	-	67,566	-	67,566
Municipal	-	4,510	-	4,510
Hedge funds/flexible capital				
Multiple strategies	-	-	1,078,415	1,078,415
Private equity				
Private equity and venture capital funds	-	-	464,382	464,382
Real assets/inflation hedging				
Treasury inflation protected securities	-	-	100,937	100,937
Real estate and natural resources	-	-	20,847	20,847
	$ 2,666,831	$ 189,828	$ 1,664,581	$ 4,521,240

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2019 with the fair values reflected as of June 30, 2020:

	Level 1	Level 2	NAV	Total
Short term investments				
Cash and cash equivalents	$ 88,350	$ -	$ -	$ 88,350
Mutual funds - fixed income	92,393	-	-	92,393
Mutual funds and common trust funds				
Equity	860,225	-	-	860,225
Real estate	60,258	-	-	60,258
Common stocks, preferred stock, and bonds				
US Treasury bonds	168	-	-	168
International bonds	1,351	-	-	1,351
Short duration bonds	-	-	-	-
International funds - equities and fixed income				
Emerging markets: equity	132,777	-	-	132,777
Developed markets: equity	666,818	-	-	666,818
Developed markets: fixed	51,174	-	-	51,174
Bonds				
International bonds	-	5,379	-	5,379
U. S. Treasury	-	53,438	-	53,438
Corporate	-	64,775	-	64,775
Asset-backed securities	-	46,675	-	46,675
Municipal	-	2,733	-	2,733
Hedge funds/flexible capital				
Multiple strategies	-	-	733,445	733,445
Private equity				
Private equity and venture capital funds	-	-	262,680	262,680
Real assets/inflation hedging				
Treasury inflation protected securities	-	-	84,592	84,592
Real estate and natural resources	-	-	14,689	14,689
	$ 1,953,514	$ 173,000	$ 1,095,406	$ 3,221,920

The Organization is the income beneficiary of permanent endowment funds established with the Foundation. The fair value was approximately $95,728 and $74,319 at June 30, 2021 and 2020, respectively. These funds are considered assets of the Foundation and therefore, are not included in the Organization's financial statements. Interest earned on these endowment funds is distributed to the Organization by the Foundation on a periodic basis. The investment income is currently reflected in the accompanying statements of activities.

Investment income consists of the following for the years ended June 30:

	2021	2020
Unrealized gain (loss) on investments	$ 979,727	$ (113,216)
Realized gain on sale of investments	150,656	69,960
Interest and dividends	71,036	83,725
Management fees and expenses	(31,287)	(29,154)
Total investment income	1,170,132	11,315
Less: Amount earned on operating activities	(28,732)	(47,021)
Net investment income (loss)	$ 1,141,400	$ (35,706)

8. LOAN AND MORTGAGE PAYABLE

Term Loan

In 2017, the Organization restructured its long-term debt and entered into a 20-year loan agreement with a financial institution in the amount of $1,750,000 ($1,056,232 and $1,143,736 outstanding at June 30, 2021 and 2020, respectively). Repayment of the loan is in equal monthly installments of $7,292 plus accrued interest. Interest on term loan is due monthly at the thirty-day London Interbank Offered Rate ("LIBOR") plus 2.0% (2.09% and 4.43% as of June 30, 2021 and 2020, respectively). The term loan has a first position Open-End Equity Mortgage, Security Agreement, and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. The term loan contains certain administrative and restrictive financial covenants which provide for, among other things, minimum debt service coverage ratio and actual results must be within 105% of the board approved budget. As of June 30, 2021 and 2020, the Organization was in compliance with these covenants.

In addition, the Organization entered into a 3-year line of credit agreement with a bank (expiring December 2, 2022) which provides for maximum borrowings of $300,000 with annual interest of prime plus 1% (4.25% as of June 30, 2021 and 2020). The line of credit has a second position Open-End Equity Mortgage, Security Agreement, and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. No amounts were borrowed during the years ended June 30, 2021 and 2020.

Loan payable is due as follows at June 30:

Due during the year ending June 30, 2022	$ 87,504
" " " " " June 30, 2023	87,504
" " " " " June 30, 2024	87,504
" " " " " June 30, 2025	87,504
" " " " " June 30, 2026	87,504
Thereafter through November 30, 2036	618,712
Total amount due	1,056,232
Less: Long-term portion	(968,728)
Current portion	$ 87,504

Interest expense for the years ended June 30, 2021 and 2020 was $24,021 and $46,020, respectively.

Mortgage

In July 2019, the Organization purchased a property in the amount of $356,000 (plus closing costs of $6,849). The property is to be used for apprentice housing. The Organization obtained a ten-year mortgage to finance the purchase in the amount of $213,600. The mortgage is secured by the property and any personal property located on and used in connection with the apprentice housing. Monthly principal and interest payments commenced July 29, 2019. The annual interest rate was 4.75% for the first seven years of the mortgage and could be adjusted for the remaining term at 2.25% above the average of the three-year Federal Home Loan Bank of Boston Amortizing Advance Rate (not to be below 4.75%). During the year ended June 30, 2021, the Organization fully repaid the balance of the loan. Interest expense for the years ended June 30, 2021 and 2020 was $4,190 and $8,177, respectively.

9. CAPITAL CAMPAIGN

In fiscal year 2020, the Organization launched the quiet phase of a $12 million capital campaign (the “Campaign”) to renovate the theater building, improve accessibility, and better utilize space. In March 2021, the voters of Rhode Island approved a $2.5 million state bond grant to support the capital campaign. As of June 30, 2021, the Organization has received $1,300,201, including pledges of $671,592 restricted to the Campaign which are reflected within net assets with donor restrictions (Note 2).

10. COMMITMENTS AND CONTINGENCIES

a) Government supported programs are subject to audit by the granting agency.

b) The Organization has an employment agreement which term is through September 15, 2025. The aggregate commitment under this agreement was approximately $830,769 at June 30, 2021.

c) The Organization contributes to three multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, the vast majority of the multiemployer plans to which it contributes are adequately funded under the applicable provisions of the Pension Protection Act enacted in 2006 (PPA). One fund is in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding.

The risks of participating in a multi-employer plan are different from a single-employer plan in the following aspects:

> The assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Organization chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any. Under applicable law upon its ceasing to make contributions to, or other “withdrawal” from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization’s proportionate share of the plan's unfunded vested liabilities.

The Organization believes that under such circumstances, if a fund were to seek to assess such contribution obligation upon the Organization’s alleged “withdrawal,” the Organization would have significant defenses against such assessment under applicable law.

The Organization cannot determine at this time the impact that any alleged withdrawal from the affected plans may have on the financial position, results of operations, or cash flows.

Approximately 15% (2021) and 10% (2020) of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was $2,504 and $162,056 for the years ended June 30, 2021 and 2020, respectively.

d) In 1989, the Organization entered into an agreement with a key employee for post-employment benefits. Since the benefits are for past services, the estimated present value of the obligation was originally recorded during the year the obligation was entered into, fiscal 1989. The amount payable to the key employee for these post-employment benefits was calculated using a lifetime expectancy of 86 and the key employee reached the age of 86 in 2013. The annual cash obligation is $50,000 per year and will continue until the death of the key employee.

e) The Organization entered into a Memorandum of Agreement (“MOA”) with Brown University in September 2013 (renews automatically) to combine the academic resources of Brown University with the professional expertise of the Organization to produce graduate academic programs (The Brown/Trinity MFA in Acting and Directing Program). The MOA provides for two years’ advance notice of the intention by either party to terminate the program. As of June 30, 2021, management has represented that neither party has provided such notice.

f) The Organization has been named in one claim for personal injury sustained at the Organization’s premises. The Organization’s insurance company is currently handling the claim. Management believes that the insurance coverage is sufficient to cover any claim which may be realized.

g) Per an agreement with the State of Rhode Island, the Organization was awarded $4,647,750 for the Lederer Theater and the Pell Chafee Performance Center, both in Providence, used for performance facilities, educational instruction, production, and administration. Of the total, $1,500,000 was granted to reimburse the Organization for fire code improvements made prior to July 1, 2015 and was reflected within unrestricted capital contributions as of June 30, 2015. During the years ended June 30, 2021 and 2020, $164,536 and $153,704, respectively, was recorded for completed projects. As of June 30, 2021, the full award was used.

h) Relative to the Organization’s investments held by the Foundation (Note 1), private equity and real estate investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur, they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain.

i) The Organization occupies warehouse space under a lease which has a term expiring June 30, 2027. The approximate future minimum annual rental payments are as follows:

Due during the year ending June 30, 2022	$	45,000
" " " " " June 30, 2023		45,000
" " " " " June 30, 2024		49,500
" " " " " June 30, 2025		49,500
" " " " " June 30, 2026		49,500
" " " " " June 30, 2027		49,500
Total amount due	$	288,000

Accounting principles generally accepted in the United States of America require the Organization to amortize the aggregate of the total minimum lease payments on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its leases is recorded as deferred rent in the statements of financial position. Deferred rent as of June 30, 2021 and 2020 was $19,026 and $18,447, respectively.

j) In 2018, the Organization entered into a 5-year license agreement with an internet-based customer relationship management system provider. The agreement was amended in 2021 to a 7-year agreement. The agreement has a renewal option. The Organization may terminate this agreement for any reason with written notice. Per the agreement, the internet-based customer relationship management system provider is entitled to a minimum annual charge and a percentage of sales in excess of a certain level. During the years ended June 30, 2021 and 2020, the Organization paid a minimal annual charge of $15,000 and $28,892, respectively.

11. CAPITAL LEASE OBLIGATION

On June 30, 2014, the Organization entered into an agreement with a board member for the sale of the 87 Empire Street property. The sale price was determined by an independent appraisal that was completed in April 2014. The purchase was conditioned upon execution of a lease by the Organization and guaranteed by Brown University.

The Organization has signed a lease with the board member (purchaser) to lease back the premises sold to him on June 30, 2014. The lease is for an initial term of eleven years, with two renewal options by the Organization for an additional ten years. The Organization is responsible for all costs of maintaining the property including utilities, real estate taxes, and capital expenditures.

The Organization has reflected the capital lease at the appraised fair market value of $1,800,000. The balance of accumulated depreciation as of June 30, 2021 and 2020 was $557,143 and $471,428, respectively. The economic substance of the capital lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded within the Organization's assets and liabilities.

The lease provides for minimum annual payments as follows as of June 30, 2021:

Year ending June 30, 2022	$ 155,697
" " " " 2023	159,117
" " " " 2024	162,299
" " " " 2025	165,545
" " " " 2026	168,856
Thereafter through June 30, 2035	1,680,069
Total lease payments	2,491,583
Less: Amount representing interest	(1,014,475)
Net Principal Due as of June 30, 2021	1,477,108
Less: Long-term portion	(1,431,924)
Current Portion	$ 45,184

12. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) salary deferral plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. No amounts were contributed for the years ended June 30, 2021 and 2020.

13. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the financial statements of activities. Costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities. Management and general expense include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include rent, utilities, maintenance, depreciation and amortization, which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, office expense, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

14. DONATED SERVICES AND MATERIALS

The Organization received donated services and materials during the years ended June 30, 2021 and 2020 in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements.

Donated services and materials consist of the following for the years ended June 30:

	2021	2020
Advertising	$ 580,400	$ 492,100
Rent (Administrative office and MFA program building)	114,288	114,288
Furniture, clothing and other	3,400	10,241
Volunteer services (ushers)	-	46,715
Airline tickets	-	14,400
Professional services	-	2,853
	$ 698,088	$ 680,597

15. PAYCHECK PROTECTION PROGRAM

On April 13, 2020, the Organization issued an unsecured promissory note (the “PPP1 Loan”) for $1,230,200 through programs established through the Paycheck Protection Program (“PPP”) under the CARES Act and administered by the SBA. The PPP1 Loan was guaranteed by the SBA. On February 4, 2021, the Organization was informed that its application for forgiveness of $1,230,200 of the PPP1 Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt, of which $868,582 relates to expenses incurred during the year ended June 30, 2020, which is shown as non-operating activities in the accompanying statements of activities

On March 22, 2021, the Organization issued an unsecured promissory note (the “PPP2 Loan”) for $1,226,572 through the PPP established under the Consolidated Appropriations Act of 2021, and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed (“Covered Period”), and otherwise satisfied PPP requirements. The PPP2 Loan was made through Navigant Credit Union (the “Lender”), has a five-year term, bears interest at 1.00% per annum, and matures on March 22, 2026. If the PPP2 Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period. The PPP2 Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Organization will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the PPP2 Loan will be forgiven. The Organization anticipates forgiveness of the PPP2 loan, and, therefore, the full amount has been reflected as current liability on the statements of financial position.

Future maturities of the PPP2 Loan, assuming it is not forgiven, are as follows for the year ending June 30:

Year ending	June 30, 2022	$ 81,771
“ “ “	June 30, 2023	245,314
“ “ “	June 30, 2024	245,314
“ “ “	June 30, 2025	245,314
“ “ “	June 30, 2026	245,314
Thereafter through February 22, 2027		163,545
		$ 1,226,572

16. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet for all of the Organization’s lease obligations. This ASU is currently effective for years beginning after December 15, 2021 (fiscal year 2023).

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

The Organization is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

17. RISKS AND UNCERTAINTIES

Management continues to evaluate the SARS-CoV-2 virus in the United States and its impact on the theatrical industry and has concluded that that while it is reasonably possible that the virus could have a negative effect on the Organization’s financial condition and changes in net assets, the specific impact is not readily determinable as of the date of these financial statements.

18. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 5, 2021, the date the financial statements were available to be issued. Management has determined that there are no subsequent events that require adjustment to or disclosure in these financial statements other than as noted below.

On July 10, 2021, the Organization was awarded a Shuttered Venue Operators Grant from the Small Business Administration in the amount of $2,098,162. This cost-reimbursable federal grant covers allowable qualifying expenses for the period from March 1, 2020 through December 31, 2021. Since the award letter was received subsequent to the year end, no amounts are recorded in these financial statements.