

**TWO RIVER THEATRE COMPANY, INC.**  
**Financial Statements**  
**June 30, 2023 and 2022**  
**With Independent Auditor's Report**

**Two River Theatre Company, Inc.**  
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**June 30, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Two River Theatre Company, Inc.:

### Opinion

We have audited the financial statements of Two River Theatre Company, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*Withum Smith + Brown, PC*

February 15, 2024

**Two River Theatre Company, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 874,570	\$ 1,202,128	\$ 2,076,698	\$ 2,352,388	\$ 5,267,801	\$ 7,620,189
Accounts receivable	23,337	-	23,337	605	-	605
Employee retention tax credit receivable	-	-	-	510,982	-	510,982
Unconditional promises to give	670,300	-	670,300	158,936	208,869	367,805
Prepaid expenses and other current assets	164,412	-	164,412	76,558	-	76,558
Investments	<u>622,753</u>	<u>-</u>	<u>622,753</u>	<u>863,826</u>	<u>-</u>	<u>863,826</u>
Total current assets	2,355,372	1,202,128	3,557,500	3,963,295	5,476,670	9,439,965
Investments	1,760,215	82,146,959	83,907,174	-	76,863,198	76,863,198
Property and equipment, at cost, net of accumulated depreciation and amortization	31,007,298	-	31,007,298	31,960,302	-	31,960,302
Bonds and deposits	<u>91,952</u>	<u>-</u>	<u>91,952</u>	<u>127,002</u>	<u>-</u>	<u>127,002</u>
Total assets	<u>\$ 35,214,837</u>	<u>\$ 83,349,087</u>	<u>\$ 118,563,924</u>	<u>\$ 36,050,599</u>	<u>\$ 82,339,868</u>	<u>\$ 118,390,467</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 331,802	\$ -	\$ 331,802	\$ 138,610	\$ -	\$ 138,610
Salary, payroll taxes and union benefits payable	54,897	-	54,897	65,471	-	65,471
Deferred subscription and ticket revenue	217,241	-	217,241	190,659	-	190,659
Other deferred revenue	64,194	-	64,194	88,206	-	88,206
Vacation payable	<u>82,179</u>	<u>-</u>	<u>82,179</u>	<u>83,138</u>	<u>-</u>	<u>83,138</u>
Total liabilities	<u>750,313</u>	<u>-</u>	<u>750,313</u>	<u>566,084</u>	<u>-</u>	<u>566,084</u>
Net assets						
Without donor restrictions						
Property and equipment, net	31,007,298	-	31,007,298	31,960,302	-	31,960,302
Board-designated	3,457,226	-	3,457,226	3,524,213	-	3,524,213
With donor restrictions	<u>-</u>	<u>83,349,087</u>	<u>83,349,087</u>	<u>-</u>	<u>82,339,868</u>	<u>82,339,868</u>
Total net assets	<u>34,464,524</u>	<u>83,349,087</u>	<u>117,813,611</u>	<u>35,484,515</u>	<u>82,339,868</u>	<u>117,824,383</u>
Total liabilities and net assets	<u>\$ 35,214,837</u>	<u>\$ 83,349,087</u>	<u>\$ 118,563,924</u>	<u>\$ 36,050,599</u>	<u>\$ 82,339,868</u>	<u>\$ 118,390,467</u>

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

**Two River Theatre Company, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities</b>						
<b>Public support and other revenue</b>						
Public support						
Fundraising benefits	\$ 283,516	\$ -	\$ 283,516	\$ 83,308	\$ 282,680	\$ 365,988
Less: Direct costs of fundraising benefits	(47,783)	-	(47,783)	(41,306)	(54,039)	(95,345)
	235,733	-	235,733	42,002	228,641	270,643
Foundations	667,501	-	667,501	705,333	106,667	812,000
Individuals	544,020	-	544,020	393,088	33,995	427,083
Government	424,938	-	424,938	223,020	18,869	241,889
Corporations	86,549	-	86,549	62,648	19,650	82,298
Shuttered Venue Operators Grant revenue	-	-	-	530,108	-	530,108
Endowment policy appropriation	3,270,708	-	3,270,708	2,983,372	-	2,983,372
Contributions of non-financial assets	-	-	-	2,500	-	2,500
Net assets released from restrictions						
Foundations	106,667	(106,667)	-	115,748	(115,748)	-
Corporations	65,000	(65,000)	-	66,500	(66,500)	-
Individuals	43,845	(43,845)	-	3,000	(3,000)	-
Government	18,869	(18,869)	-	-	-	-
Net assets released from restrictions	234,381	(234,381)	-	185,248	(185,248)	-
Total public support	5,463,830	(234,381)	5,229,449	5,127,319	222,574	5,349,893
<b>Other revenue</b>						
Ticket sales	363,351	-	363,351	347,729	-	347,729
Investment return, net	323,581	-	323,581	(7,892)	-	(7,892)
Sponsorship income	150,000	-	150,000	-	-	-
Cast recording income	108,228	-	108,228	107,951	-	107,951
Rental income	25,431	-	25,431	35,121	-	35,121
Service charge and facility income	24,253	-	24,253	30,800	-	30,800
Concession income	20,834	-	20,834	11,699	-	11,699
Program advertising	19,767	-	19,767	12,034	-	12,034
Royalty income	18,646	-	18,646	8,352	-	8,352
Other income	17,152	-	17,152	767	-	767
Education income	8,750	-	8,750	1,575	-	1,575
Employee retention tax credit revenue	-	-	-	355,784	-	355,784
PPP2 loan forgiveness	-	-	-	232,537	-	232,537
Total public support and other revenue	6,543,823	(234,381)	6,309,442	6,263,776	222,574	6,486,350
<b>Expenses</b>						
<b>Program services</b>						
Theatrical productions	6,089,908	-	6,089,908	5,974,698	-	5,974,698
Education and other	347,647	-	347,647	297,083	-	297,083
Total program services	6,437,555	-	6,437,555	6,271,781	-	6,271,781
<b>Supporting services</b>						
Management and general	660,225	-	660,225	642,214	-	642,214
Fundraising	674,657	-	674,657	605,211	-	605,211
Total supporting services	1,334,882	-	1,334,882	1,247,425	-	1,247,425
Total expenses	7,772,437	-	7,772,437	7,519,206	-	7,519,206
<b>Changes in net assets before</b>						
Non-operating activities (carried forward)	(1,228,614) *	(234,381)	(1,462,995)	(1,255,430) *	222,574	(1,032,856)
* Includes \$1,175,729 (2023) and \$1,167,964 (2022) of depreciation expense (decrease) in net assets without donor restrictions before non-operating activities and excluding depreciation expense						
	\$ (52,885)			\$ (87,466)		

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

**Two River Theatre Company, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets before						
Non-operating activities (brought forward)	\$ (1,228,614)	\$ (234,381)	\$ (1,462,995)	\$ (1,255,430)	\$ 222,574	\$ (1,032,856)
<b>Non-operating activities</b>						
Capital contributions	68,623	-	68,623	2,825	7,905	10,730
Investment return, net	-	4,654,308	4,654,308	-	(7,062,985)	(7,062,985)
Endowment policy appropriation	-	(3,270,708)	(3,270,708)	-	(2,983,372)	(2,983,372)
PPP2 loan forgiveness	-	-	-	449,975	-	449,975
Employee retention tax credit revenue	-	-	-	191,268	-	191,268
Net assets released from restrictions						
Capital	140,000	(140,000)	-	120,623	(120,623)	-
Total non-operating activities	208,623	1,243,600	1,452,223	764,691	(10,159,075)	(9,394,384)
<b>Changes in net assets</b>	(1,019,991)	1,009,219	(10,772)	(490,739)	(9,936,501)	(10,427,240)
<b>Net assets</b>						
Beginning of year	35,484,515	82,339,868	117,824,383	35,975,254	92,276,369	128,251,623
End of year	\$ 34,464,524	\$ 83,349,087	\$ 117,813,611	\$ 35,484,515	\$ 82,339,868	\$ 117,824,383

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

**Two River Theatre Company, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	Program Services			Supporting Services			Cost of Direct Benefits to Donors	Total Expenses
	Theatrical Productions	Education and Other	Total	Management and General	Fundraising	Total		
Salaries	\$ 2,447,315	\$ 164,269	\$ 2,611,584	\$ 216,254	\$ 360,974	\$ 577,228	\$ -	\$ 3,188,812
Benefits, taxes and payroll expenses	483,696	31,112	514,808	60,674	91,637	152,311	-	667,119
Artistic fees	252,410	24,130	276,540	-	-	-	-	276,540
Royalties	54,164	-	54,164	-	-	-	-	54,164
Professional services	343,148	22,044	365,192	152,579	52,487	205,066	-	570,258
Advertising and marketing	205,790	10,338	216,128	170	16,282	16,452	-	232,580
Physical production	281,952	8,792	290,744	-	-	-	-	290,744
Apartment rentals and housing	447,422	5,915	453,337	-	70	70	-	453,407
Travel and meals	53,048	1,101	54,149	8,855	23,676	32,531	41,238	127,918
Theatre expense	30,807	1,319	32,126	-	1,759	1,759	-	33,885
Office expense and supplies	37,410	1,248	38,658	7,013	2,732	9,745	6,545	54,948
Insurance	167,399	8,443	175,842	9,060	10,790	19,850	-	195,692
Maintenance	112,374	14,621	126,995	18,645	15,296	33,941	-	160,936
Indirect event expenses	-	-	-	-	7,811	7,811	-	7,811
Special assessment taxes	11,455	1,592	13,047	1,609	1,592	3,201	-	16,248
Telephone and internet	35,533	797	36,330	835	797	1,632	-	37,962
Postage, printing and reproduction	20,534	409	20,943	375	2,120	2,495	-	23,438
Utilities	186,490	4,184	190,674	4,383	4,184	8,567	-	199,241
Dues and memberships	37,165	2,655	39,820	7,556	3,676	11,232	-	51,052
Miscellaneous	-	-	-	1,236	-	1,236	-	1,236
Bad debt expense	-	-	-	500	-	500	-	500
Depreciation	881,796	44,678	926,474	170,481	78,774	249,255	-	1,175,729
Total expenses	6,089,908	347,647	6,437,555	660,225	674,657	1,334,882	47,783	7,820,220
Less: Expenses included with revenues on the statement of activities								
Direct costs of fundraising benefits	-	-	-	-	-	-	(47,783)	(47,783)
Total functional expenses	\$ 6,089,908	\$ 347,647	\$ 6,437,555	\$ 660,225	\$ 674,657	\$ 1,334,882	\$ -	\$ 7,772,437

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

**Two River Theatre Company, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Program Services			Supporting Services			Cost of Direct Benefits to Donors	Total Expenses
	Theatrical Productions	Education and Other	Total	Management and General	Fundraising	Total		
Salaries	\$ 2,432,631	\$ 147,368	\$ 2,579,999	\$ 214,954	\$ 358,272	\$ 573,226	\$ 3,833	\$ 3,157,058
Benefits, taxes and payroll expenses	481,843	28,907	510,750	54,176	83,630	137,806	-	648,556
Artistic fees	288,357	17,600	305,957	-	-	-	-	305,957
Royalties	62,379	-	62,379	-	-	-	-	62,379
Professional services	239,004	12,350	251,354	149,551	22,204	171,755	-	423,109
Advertising and marketing	155,768	4,391	160,159	125	4,774	4,899	26,535	191,593
Physical production	334,458	6,976	341,434	-	-	-	6,591	348,025
Apartment rentals and housing	536,954	-	536,954	-	-	-	-	536,954
Travel and meals	39,754	104	39,858	7,694	11,234	18,928	54,346	113,132
Theatre expense	49,935	1,565	51,500	-	2,086	2,086	-	53,586
Office expense and supplies	36,774	1,385	38,159	7,561	3,076	10,637	4,040	52,836
Insurance	74,910	10,537	85,447	10,719	12,805	23,524	-	108,971
Maintenance	103,196	13,432	116,628	13,746	13,978	27,724	-	144,352
Indirect event expenses	-	-	-	-	3,617	3,617	-	3,617
Special assessment taxes	9,081	1,262	10,343	1,275	1,262	2,537	-	12,880
Telephone and internet	35,878	805	36,683	843	805	1,648	-	38,331
Postage, printing and reproduction	14,178	-	14,178	267	2,249	2,516	-	16,694
Utilities	158,524	3,557	162,081	3,726	3,557	7,283	-	169,364
Dues and memberships	34,457	2,461	36,918	7,005	3,408	10,413	-	47,331
Miscellaneous	-	-	-	1,177	-	1,177	-	1,177
Bad debt expense	10,645	-	10,645	40	-	40	-	10,685
Depreciation	<u>875,972</u>	<u>44,383</u>	<u>920,355</u>	<u>169,355</u>	<u>78,254</u>	<u>247,609</u>	-	<u>1,167,964</u>
Total expenses	5,974,698	297,083	6,271,781	642,214	605,211	1,247,425	95,345	7,614,551
Less: Expenses included with revenues on the statement of activities								
Direct costs of fundraising benefits	-	-	-	-	-	-	(95,345)	(95,345)
Total functional expenses	<u>\$ 5,974,698</u>	<u>\$ 297,083</u>	<u>\$ 6,271,781</u>	<u>\$ 642,214</u>	<u>\$ 605,211</u>	<u>\$ 1,247,425</u>	<u>\$ -</u>	<u>\$ 7,519,206</u>

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

**Two River Theatre Company, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating and non-operating activities</b>		
Changes in net assets	\$ (10,772)	\$ (10,427,240)
Adjustments to reconcile changes in net assets to net cash used in operating and non-operating activities		
Depreciation	1,175,729	1,167,964
Bad debt expense	500	10,685
Unrealized (gain) loss on investments	(1,826,979)	11,487,397
Realized gain on investments	(3,153,808)	(4,517,029)
Realized gain on sale of donated securities	(215)	-
Discount for present value of unconditional promises	-	12,555
PPP2 loan forgiveness	-	(682,512)
Change in assets and liabilities		
Accounts receivable	(22,732)	2,151
Employee retention credit receivable	510,982	(237,276)
Unconditional promises to give	(302,995)	99,781
Prepaid expenses and other current assets	(87,854)	27,130
Bonds and deposits	35,050	(14,073)
Accounts payable and accrued expenses	193,192	(16,025)
Salary, payroll taxes and union benefits payable	(10,574)	(113,394)
Deferred subscription and ticket revenue	26,582	16,820
Other deferred revenue	(24,012)	626
Vacation payable	(959)	(7,563)
Net cash used in operating and non-operating activities	<u>(3,498,865)</u>	<u>(3,190,003)</u>
<b>Investing activities</b>		
Purchases of property and equipment	(222,725)	(203,450)
Purchases of investments	(16,212,748)	(16,209,617)
Proceeds from sale of investments and donated securities	<u>14,390,847</u>	<u>19,501,458</u>
Net cash (used in) provided by investing activities	<u>(2,044,626)</u>	<u>3,088,391</u>
Net change in cash and cash equivalents	(5,543,491)	(101,612)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>7,620,189</u>	<u>7,721,801</u>
End of year	<u>\$ 2,076,698</u>	<u>\$ 7,620,189</u>

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

**Two River Theatre Company, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Two River Theatre Company, Inc. (the “Organization”) is a not-for-profit corporation located in Red Bank, New Jersey. Founded in 1993, the Organization’s mission is to create great American theater by developing and producing new works and world masterpieces that most richly direct our gaze to the life of the human spirit. We cultivate an audience that cherishes the intimate joy of theater, enriched when shared by a community of others.

**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”).

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. Net assets without donor restrictions include board designated 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 pledges 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 statement 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.

**Investments**

The Organization’s investments consist primarily of investments in fixed income, hedge funds, common stocks, certificates of deposits, and private equity investment funds. Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position or published net asset values for alternative investments with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles), such as certain limited partnerships, hedge funds and private equity funds are reported at net asset value, as a practical expedient for estimated fair value, as provided by the investment managers of the respective funds.

The Organization’s portfolio is managed according to the investment guidelines established by the Endowment Committee of the Board. The investment portfolio is allocated approximately 41.5% equities, 33.70% private investments, 20% hedge funds and 4.90% fixed income and cash. The equity investments are further diversified into domestic, international, and emerging markets.

**Two River Theatre Company, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Investment Return, Net**

Investment return, net includes realized and unrealized gains and losses on investments and interest and dividends net of investment fees and is included in assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Inventory**

Concession inventory is stated at the lower of cost or net realizable value. Concession income is recognized once the sale takes place. The Organization also 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.

**Production Costs**

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed by June 30, all production costs have been expensed within the fiscal year.

**Revenue and Support Recognition**

*Contributions and 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. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met. 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. There was no allowance as of June 30, 2023 or 2022.

*Revenue from Contracts with Customers*

The Organization accounts for ticket sales as exchange transactions in the statements of activities. Revenue from contracts with customers is treated as revenue without donor restrictions. Funds received in advance from customers for services that have not been performed which are contract liabilities are shown as deferred revenue in the statements of financial position.

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.

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The following summarizes the Organization's performance obligations:

*Ticket Sales*

Ticket sales income represents the sums actually paid for individual ticket of admission or a series of individual tickets to a production of the Organization. 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. 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. Ticket sales revenue is recognized at a specific point in time, which is when the performance related to the ticket is complete.

*Other Exchange Transactions*

Education income, royalty income, sponsorship income, program advertising, and service charge and facility income are recognized at a point in time when the performance takes place or when the fees relate. Concession income and cast recording income are recognized at the point in time the sale takes place.

The timing of revenue recognition, billings and cash collections results in trade and other receivables and contract liabilities on the statements of financial position. Contract liabilities are \$281,435 and \$278,865 as of June 30, 2023 and 2022, respectfully. The opening balances at July 1, 2021 for accounts receivable, deferred subscription revenue, and other deferred revenue were \$2,756, \$173,839, and \$87,580, respectively.

*Fundraising Benefits*

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 statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date of the event held.

*Donated Services*

The Organization received donated professional services in support of its programs and operations. Donated services are recorded at fair value.

*Other revenues*

Other revenues are obtained from rental income, miscellaneous, PPP2 loan forgiveness 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.

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**Property and Equipment**

Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for projects in excess of \$4,000. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Building, equipment, and furniture are being depreciated over the useful life of the related asset using the straight-line method once the property and equipment are placed into service.

**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 for the years ended June 30, 2023 and 2022 was \$232,580 and \$191,594, respectively in the statement of functional expenses.

**New Accounting Pronouncements Adopted in the Current Year**

In February 2016, the Financial Accounting Standards Board issued an Accounting Standards Update amending the accounting for leases, which requires the recognition of a "right to use" asset and a lease liability, measured at the present value of the lease payments, on the statement of financial position for all of the Organization's lease obligations. The Organization adopted the new standard effective July 1, 2022, using the modified retrospective approach and the implementation of this standard did not have an effect on the financial statements and related disclosures.

**New Accounting Pronouncement Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**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 fair value of investments, functional allocation of expenses and depreciation. 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 Organization. The Organization is obligated for unrelated business income tax on net income from program advertising. As of June 30, 2023, the Organization has approximately \$20,000 in net operating losses carried forward, which expire annually through the year 2040. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

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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. The Organization did not recognize any tax related interest and/or penalties in the accompanying financial statements but would record any such interest and/or penalties as a component of other expense.

**2. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS**

**Board Designated Net Assets**

Board-designated net assets consist of the Organization’s cumulative net assets without donor restrictions. Transfers from this fund can only occur through Board approval. The Organization’s investment policy provides that these funds can be used for cash flow purposes up to a total amount outstanding of \$200,000 for a period not to exceed 45 days with no time limit for repayment. The approval of the finance or executive committee is required for any funds borrowed that exceed these limits. During the year ended June 30, 2022, additions to board designated net assets totaled \$473,774.

**Net Assets With Donor Restrictions**

The following net assets are restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Excess investment income	\$ 20,626,300	\$ 19,242,700
Capital expenditures	-	140,001
Future programs	<u>218,792</u>	<u>453,172</u>
	20,845,092	19,835,873
Donor-designated endowment	<u>62,503,995</u>	<u>62,503,995</u>
Total net assets with donor restrictions	<u>\$ 83,349,087</u>	<u>\$ 82,339,868</u>

Under the endowment agreement established with a donor (the “Endowment”), the investment income from the Endowment fund shall be expended for the operational, programmatic, management, capital, and general expenses of the Organization at the discretion of the Board of Trustees, Endowment committee and the terms of the endowment agreement. Pursuant to the terms of the agreement, in managing and investing the Endowment, the Endowment committee shall consider the following factors: general economic conditions; possible effect of inflation or deflation; expected tax consequences, if any, of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the Endowment; the expected total return from income and from the appreciation of assets; other resources of the Organization and the needs to make distributions and preserve capital.

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 net assets with donor restrictions (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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

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- 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.

**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.

**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.

**Spending Policy**

The endowment agreement provides for the Organization to distribute for operating purposes \$2,600,000 (with cost of living increases allowed each year) in each of the first five years, in the six through tenth years, annual distributions shall be the greater of \$2,600,000 or 4.16% of the fair market value of the investments. In the eleventh year and succeeding years, distribution shall be 4.16% of the fair market value of the investments. During the years ended June 30, 2023 and 2022, \$3,270,708 (4.16% of Fair Market Value of the Endowment) and \$2,983,372 (\$2,600,000 plus CPI of \$383,372) were distributed for operating purposes, respectively.

**Funds with Deficiencies**

From time to time, the fair value of the endowment assets may fall below the funds original value. There were no endowment funds less than their original donated amounts at June 30, 2023 or 2022.

Changes in endowment assets are as follow for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 81,746,695	\$ 91,793,052
Endowment policy appropriation	(3,270,708)	(2,983,372)
Endowment investment return, net	<u>4,654,308</u>	<u>(7,062,985)</u>
Endowment net assets, end of year	<u>\$ 83,130,295</u>	<u>\$ 81,746,695</u>
Amount required to be maintained in perpetuity	\$ 62,503,995	\$ 62,503,995
Accumulated investment gains	<u>20,626,300</u>	<u>19,242,700</u>
	<u>\$ 83,130,295</u>	<u>\$ 81,746,695</u>

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**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 874,570	\$ 2,352,388
Investments	622,753	863,826
Accounts receivable	23,337	605
Employee retention tax credit receivable	-	510,982
Unconditional promises to give	<u>670,300</u>	<u>158,936</u>
Liquidity resources	2,190,960	3,886,737
Minimum endowment policy distribution (Note 2)	2,600,000	2,600,000
Board-designated net assets (Note 2)	<u>(3,457,226)</u>	<u>(3,524,213)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,333,734</u>	<u>\$ 2,962,524</u>

The Organization's cash flows have seasonal variations due to subscriptions series renewals and single tickets sales. To manage liquidity, the Organization sells subscriptions at the beginning of the season to have cash on hand to pay for operating expenditures. In addition, the Organization has pledge campaigns to fund operations and other projects. The Organization's endowment funds consist of donor-restricted endowments. As described in Note 2, the Organization's endowment agreement provides for an annual distribution for operating purposes. Although the Organization does not intend to spend from board-designated net assets, funds could be made available, if necessary, through a board resolution.

**4. CONCENTRATION OF CREDIT RISK**

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, accounts receivable and contributions receivable. The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Organization has obtained a letter of credit in the amount of \$53,350 as part of an obligation to post a bond under a collective bargaining agreement with Actors' Equity Association. The amount of the letter of credit fluctuates based on current production's payroll and is reflected within bonds and deposits in the statements of financial position.

The Organization's unconditional promises to give consisted of 84% and 77% from three donors at June 30, 2023 and 2022, respectively.

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**5. FAIR VALUE MEASUREMENTS**

The Organization has provided fair value disclosure information for relevant assets in these financial statements. For applicable assets, the Organization values such assets using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Organization values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization develops measurement criteria based on the best information available (Level 3). There were no changes in investment leveling methodology for the years ended June 30, 2023 and 2022. In addition, there were no transfers between investment leveling classifications during the years ended June 30, 2023 and 2022. There were no purchases, issuances, or transfers into or out of level 3 investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

*Common stocks (equities)* - valued at the closing price reported on the active market on which the individual securities are traded.

*Certificates of Deposit* - valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings.

*Fixed income* – includes mutual funds that are valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds are deemed to be actively traded.

*Hedge funds* - alternative investments (other than traditional long-only purchases of stocks or bonds) for the purposes of diversifying the market exposure of the investment portfolios, reducing volatility and/or enhancing the overall return. Alternative investments include a global equity limited partnership investing (long and/or short) primarily focused in software, industrial, healthcare, real estate and financial services sectors in global markets. These alternative investments are classified within Level 3 of the fair value hierarchy because they trade infrequently and therefore have little or no price transparency.

Certain of the Organization's investment in private investment companies are measured using net asset value ("NAV") per share as a practical expedient and are therefore not categorized within the fair value hierarchy. Investments in private investment companies are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying private investment companies, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with GAAP for investment companies. The Organization applies the practical expedient to its investments in private investment companies on an investment-by-investment basis.

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Investments consist of the following as of June 30:

	2023				Cost
	Total	Level 1	Level 2	Level 3	Total
Hedge funds	\$ 7,377,101	\$ -	\$ -	\$ 7,377,101	\$ 4,000,000
Common stock CL A	10,356,201	10,356,201	-	-	4,611,907
Fixed income	3,010,063	3,010,063	-	-	2,825,091
Certificates of deposit	622,753	622,753	-	-	625,000
Common stock CL B	276,892	276,892	-	-	102,724
	<u>21,643,010</u>	<u>\$ 14,265,909</u>	<u>\$ -</u>	<u>\$ 7,377,101</u>	<u>12,164,722</u>
Investments measured at net asset value (1)	<u>62,886,917</u>				<u>47,906,799</u>
	<u>\$ 84,529,927</u>				<u>\$ 60,071,521</u>

  

	2022				Cost
	Total	Level 1	Level 2	Level 3	Total
Hedge funds	\$ 7,422,833	\$ -	\$ -	\$ 7,422,833	\$ 4,000,000
Common stock CL A	10,223,750	10,223,750	-	-	4,981,551
Fixed income	870,545	870,545	-	-	905,968
Certificates of deposit	863,826	863,826	-	-	854,000
Common stock CL B	221,692	221,692	-	-	107,673
	<u>19,602,646</u>	<u>\$ 12,179,813</u>	<u>\$ -</u>	<u>\$ 7,422,833</u>	<u>10,849,192</u>
Investments measured at net asset value (1)	<u>58,124,378</u>				<u>44,246,405</u>
	<u>\$ 77,727,024</u>				<u>\$ 55,095,597</u>

(1) In accordance with subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following table lists investments measured using the practical expedient by class and investment strategy as well as the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Strategies	Number of Funds	2023 Valuation	2022 Valuation	Unfunded	Redemption	Redemption
				Commitments	Frequency	Notice Period
Global equity funds	5	\$ 12,366,725	\$ 15,087,063	\$ -	Daily-Triennially	1-60 days
Emerging markets	1	4,854,090	4,197,140	-	Rolling 5 year lock	Not applicable
Hedge funds	6	13,748,712	12,241,146	-	Monthly-Quarterly	60-90 days
Private equity	22	<u>31,917,390</u>	<u>26,599,029</u>	<u>13,966,588</u>	Illiquid	Not applicable
		<u>\$ 62,886,917</u>	<u>\$ 58,124,378</u>	<u>\$ 13,966,588</u>		

- Global equity funds and equities are actively managed funds that invest in stocks and other securities issued by companies in domestic and foreign markets. Investments are held within a commingled trust or limited partnership structure.
- Emerging market funds include a commingled fund that invests in a diversified portfolio of equity securities of companies incorporated in emerging markets. All assets in this class may be redeemed on a daily basis.

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- c) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including not limited to multi-strategy, absolute return, long/short arbitrage, event-driven, distressed debt, and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives and invest in the debt or equity of public and private companies in domestic and foreign markets.
- d) Private equity funds are actively managed funds and fund-of-funds that invest in private and public companies through a variety of strategies including, but not limited to early and late-stage venture capital, leveraged buy-outs, distressed assets, special situations and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund.

Investment return, net consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Unrealized gain (loss) on investments	\$ 1,826,979	\$ (11,487,397)
Realized gain on sale of investments	3,153,808	4,517,029
Interest and dividend income	186,948	53,515
Investment expenses	<u>(189,846)</u>	<u>(154,024)</u>
Investment return, net	4,977,889	(7,070,877)
Less: Investment income (loss) without donor restrictions	<u>323,581</u>	<u>(7,892)</u>
Endowment investment return, net	<u>\$ 4,654,308</u>	<u>\$ (7,062,985)</u>

**6. 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 relationship with donors, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered 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. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

Unconditional promises to give consist of the following at June 30, 2023:

	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Without donor restrictions	\$ 615,300	\$ -	\$ 615,300
With donor restrictions	<u>55,000</u>	<u>-</u>	<u>55,000</u>
	<u>\$ 670,300</u>	<u>\$ -</u>	<u>\$ 670,300</u>

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Unconditional promises to give consist of the following at June 30, 2022:

	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Without donor restrictions	\$ 158,936	\$ -	\$ 158,936
With donor restrictions	208,869	-	208,869
	<u>\$ 367,805</u>	<u>\$ -</u>	<u>\$ 367,805</u>

**7. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>Life/Years</u>	<u>2023</u>	<u>2022</u>
Land	n/a	\$ 3,701,950	\$ 3,701,950
Building and improvements	39	38,303,832	38,188,247
Equipment	5-10	553,628	545,368
Furniture and fixtures	5	650,555	650,555
		43,209,965	43,086,120
Less: Accumulated depreciation and amortization		<u>(12,391,171)</u>	<u>(11,227,983)</u>
		30,818,794	31,858,137
Construction in progress	n/a	188,504	102,165
		<u>\$ 31,007,298</u>	<u>\$ 31,960,302</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,175,729 and \$1,167,964, respectively.

**8. COMMITMENTS AND CONTINGENCIES**

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization contributes to two 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.

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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, we are 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 9% (2023) and 13% (2022) of the Organization's employees are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was \$85,765 and \$101,785 for the years ended June 30, 2023 and 2022, respectively.

- c) The Organization has entered into various contracts with playwrights in order to develop, produce, and present plays on the stage in the presence of an audience. The Organization is obligated to pay royalties to authors and/or composers for productions that they have produced. If a play produced by the Organization generates royalties to the author and/or composer, then the Organization will generally be entitled to a certain percentage of the net proceeds received by the author and/or composer.
- d) The Organization has entered into several short term lease agreements for various residential apartments located in Red Bank, New Jersey to be used for actors. The leases expire through June 30, 2024. Rent expense for the years ended June 30, 2023 and 2022 was \$323,704 and \$292,250, respectively, which is included in apartment rentals and housing in the statements of functional expenses. Future minimum annual rental payments as of June 30, 2023 are \$84,804.
- e) The Organization has committed to invest additional funds of up to \$13,966,559 in private equity funds as of June 30, 2023.
- f) The Organization has been named in two pending claims. Management believes that its insurance coverage will be sufficient to cover any loss if incurred.

## **9. EMPLOYEE BENEFIT PLANS**

The Organization has a 403(b) salary deferral plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. For the years ended June 30, 2023 and 2022, the Organization made a contribution based on a percentage of salaries for qualified employees of \$60,738 and \$86,686, respectively.

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**10. DONATED SERVICES AND MATERIALS**

The Organization received contributed nonfinancial assets comprised of services and materials during the years ended June 30, 2023 and 2022 in support of its programs and operations, which are recognized in the statements of activities and included:

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions</u>	<u>Valuation</u>	<u>2023</u>	<u>2022</u>
Contribution	Legal services	Market value of goods and services as provided by vendor	\$ -	\$ 2,500

**11. FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activities and detailed within the statements of functional expenses. Costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities. Management and general expenses also 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 utilities, real estate taxes, telephone and internet, maintenance, and depreciation, which are allocated on a square footnote basis, as well as salaries, employee benefits, payroll taxes, office expense, and insurance, which are allocated on the basis of estimates of time and effort.

**12. PAYCHECK PROTECTION PROGRAM LOANS PAYABLE**

On February 13, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for \$682,512 through the PPP established under the CARES Act 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 PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the Covered Period, and otherwise satisfied PPP2 requirements. The PPP2 Loan was made through Northeast Bank, has a five-year term, bears interest at 1% per annum and matures on February 13, 2026.

On November 15, 2021, the Organization was informed that its application for the forgiveness of \$682,512 for the PPP2 Loan from the SBA was approved. Accordingly, the Organization recorded its forgiveness of debt in the accompanying statements of activities for the year ended June 30, 2022.

**13. SHUTTERED VENUE OPERATORS GRANT**

On September 24, 2021, the Organization was awarded a Shuttered Venue Operators Grant from the U.S. Small Business Administration ("SBA") in the amount of \$530,108. This cost-reimbursable federal grant covers allowable qualifying expenses for the period from March 1, 2020 through June 30, 2022. The Organization recorded revenue totaling \$530,108 in the accompanying statements of activities for the year ended June 30, 2022.

**14. EMPLOYEE RETENTION TAX CREDITS**

The Organization has applied for the employee retention credit in the amount of \$1,048,119. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended June 30, 2022, the Organization recorded revenue totaling \$547,052 of which \$191,268 relates to expenses incurred during the year ended June 30, 2021, which is shown as non-operating activities in the accompanying statements of activities. The employee retention tax credit receivable totaled \$0 and \$510,982 as of June 30, 2023 and 2022, respectively.

**Two River Theatre Company, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**15. EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 15, 2024, 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 the financial statements.