

THEATRE DEVELOPMENT FUND, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Theatre Development Fund, Inc.

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Theatre Development Fund, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Theatre Development Fund, Inc. has suspended most of its program activities at the direction of state and local authorities and in accordance with guidance issued by federal agencies. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
December 2, 2021

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$ 3,064,222	\$ 2,296,902
Receivables, net of allowance for doubtful accounts of \$3,500	170,664	390,433
Contributions receivable (Notes 1c and 6)		
Without donor restrictions	115,900	234,805
With donor restrictions	135,000	326,865
Prepaid expenses and other current assets	209,939	184,970
Investments (Notes 1d and 7)	6,853,331	5,639,571
Fixed assets, at cost, net of accumulated depreciation (Notes 1e and 8)	1,170,225	1,516,478
Costume collection (Note 1f)	-	-
	<u> </u>	<u> </u>
Total Assets	<u>\$11,719,281</u>	<u>\$10,590,024</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,413,263	\$ 1,117,961
Advance ticket revenue (Note 1g)	37,841	253
Other deferred revenue	53,239	67,910
Loan payable - Paycheck Protection Program - 1st draw (Note 9)	-	2,043,780
Loan payable - Paycheck Protection Program - 2nd draw (Note 9)	1,990,000	-
Accrued pension expense (Note 11a)	1,101,005	2,083,656
Deferred rent (Note 10a)	723,333	674,921
Total Liabilities	<u>5,318,681</u>	<u>5,988,481</u>
Commitments and Contingencies (Notes 8, 10, 11 and 12)		
Net Assets (Notes 1j and 3)		
Without Donor Restrictions (Note 3a)		
Operating		
Related to accrued pension expense	(1,101,005)	(2,083,656)
TDF Activity/Leagues' special projects	1,037,771	1,132,734
Other	<u>(2,922,112)</u>	<u>(2,808,220)</u>
	<u>(2,985,346)</u>	<u>(3,759,142)</u>
Board designated reserve	7,353,331	6,139,571
Fixed assets	<u>1,027,970</u>	<u>1,359,586</u>
Total Without Donor Restrictions	<u>5,395,955</u>	<u>3,740,015</u>
With Donor Restrictions (Notes 3b and 5)	<u>1,004,645</u>	<u>861,528</u>
Total Net Assets	<u>6,400,600</u>	<u>4,601,543</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$11,719,281</u>	<u>\$10,590,024</u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021						2020					
	Without Donor Restrictions			With Donor Restrictions			Without Donor Restrictions			With Donor Restrictions		
	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total
Changes in Net Assets												
Revenue and Support												
TKTS by TDF, net of ticket purchases of \$55,163,049 (2020)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,990,159	\$ -	\$ -	\$ 3,990,159	\$ -	\$ 3,990,159
Membership Ticket Distribution Program												
Service charge, net of ticket purchases of \$16,334,973 (2020)	19,185	-	-	19,185	-	19,185	1,901,737	-	-	1,901,737	-	1,901,737
Ticket handling charges	19,339	-	-	19,339	-	19,339	813,385	-	-	813,385	-	813,385
Membership fees	1,472,495	-	-	1,472,495	-	1,472,495	3,440,031	-	-	3,440,031	-	3,440,031
Costume Collection rental income	210,800	-	-	210,800	-	210,800	579,575	-	-	579,575	-	579,575
Interest and dividends, net of fees	9,372	63,568	-	72,940	-	72,940	8,619	144,290	-	152,909	-	152,909
Net realized and unrealized gains (losses) on investments	(373)	1,411,192	-	1,410,819	-	1,410,819	264	(85,908)	-	(85,644)	-	(85,644)
Other earned revenue	178,234	-	-	178,234	-	178,234	816,539	-	-	816,539	-	816,539
Grants and contributions	2,134,526	-	-	2,134,526	286,717	2,421,243	3,213,083	-	-	3,213,083	65,765	3,278,848
Loan forgiveness - Paycheck Protection Program - 1st draw (Note 9)	2,043,780	-	-	2,043,780	-	2,043,780	-	-	-	-	-	-
	6,087,358	1,474,760	-	7,562,118	286,717	7,848,835	14,763,392	58,382	-	14,821,774	65,765	14,887,539
Net assets released from restrictions												
Satisfaction of time and program restrictions	143,600	-	-	143,600	(143,600)	-	324,900	-	-	324,900	(324,900)	-
	6,230,958	1,474,760	-	7,705,718	143,117	7,848,835	15,088,292	58,382	-	15,146,674	(259,135)	14,887,539
Total Revenue and Support from Operations												
Expenses												
Program Services												
TKTS by TDF	353,771	-	96,288	450,059	-	450,059	3,756,768	-	113,049	3,869,817	-	3,869,817
TDF Membership Program	1,177,353	-	68,715	1,246,068	-	1,246,068	2,910,095	-	84,059	2,994,154	-	2,994,154
TDF Schools and Community Engagement	829,358	-	12,126	841,484	-	841,484	2,210,262	-	49,091	2,259,353	-	2,259,353
TDF Accessibility Programs	491,384	-	12,126	503,510	-	503,510	1,573,508	-	35,641	1,609,149	-	1,609,149
Costume Collection	774,804	-	57,968	832,772	-	832,772	1,221,300	-	51,225	1,272,525	-	1,272,525
Outreach and Public Relations	293,435	-	14,147	307,582	-	307,582	534,244	-	30,261	564,505	-	564,505
Audience Research	520,263	-	30,315	550,578	-	550,578	525,393	-	-	525,393	-	525,393
Total Program Services	4,440,368	-	291,685	4,732,053	-	4,732,053	12,731,570	-	363,326	13,094,896	-	13,094,896
Supporting Services												
Administration	1,595,766	-	20,210	1,615,976	-	1,615,976	2,368,348	-	41,023	2,409,371	-	2,409,371
Fundraising	755,359	-	34,358	789,717	-	789,717	1,361,073	-	22,191	1,383,264	-	1,383,264
Total Supporting Services	2,351,125	-	54,568	2,405,693	-	2,405,693	3,729,421	-	63,214	3,792,635	-	3,792,635
	6,791,493	-	346,253	7,137,746	-	7,137,746	16,460,991	-	426,540	16,887,531	-	16,887,531
Total Expenses												
Excess (Deficit) of Support and Revenue Over Expenses from Operating Activities Before Transfers and Appropriation	(560,535)	1,474,760	(346,253)	567,972	143,117	711,089	(1,372,699)	58,382	(426,540)	(1,740,857)	(259,135)	(1,999,992)
Transfers from board designated reserve to fund TDF programmatic expansion (Note 3a)	261,000	(261,000)	-	-	-	-	261,000	(261,000)	-	-	-	-
	(299,535)	1,213,760	(346,253)	567,972	143,117	711,089	(1,111,699)	(202,618)	(426,540)	(1,740,857)	(259,135)	(1,999,992)
Excess (Deficit) of Support and Revenue Over Expenses from Operating Activities Before Transfers to Fixed Asset Fund												
Transfers to fixed asset fund	(14,637)	-	14,637	-	-	-	(14,637)	-	14,637	-	-	-
	(314,172)	1,213,760	(331,616)	567,972	143,117	711,089	(1,126,336)	(202,618)	(411,903)	(1,740,857)	(259,135)	(1,999,992)
Change in Net Assets from Operating Activities (carried forward)												

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021						2020					
	Without Donor Restrictions			With Donor Restrictions			Without Donor Restrictions			With Donor Restrictions		
	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total	Operating	Board Designated Reserve	Fixed Assets	Total	Restrictions	Total
Change in Net Assets from Operating Activities (brought forward)	\$ (314,172)	\$1,213,760	\$ (331,616)	\$ 567,972	\$ 143,117	\$ 711,089	\$(1,126,336)	\$ (202,618)	\$ (411,903)	\$(1,740,857)	\$ (259,135)	\$(1,999,992)
Non-Operating Activities												
Pension-related changes other than periodic pension cost (Note 11a)	1,087,968	-	-	1,087,968	-	1,087,968	(621,420)	-	-	(621,420)	-	(621,420)
Change in net assets	773,796	1,213,760	(331,616)	1,655,940	143,117	1,799,057	(1,747,756)	(202,618)	(411,903)	(2,362,277)	(259,135)	(2,621,412)
Net assets (deficit), beginning of year	(3,759,142)	6,139,571	1,359,586	3,740,015	861,528	4,601,543	(2,011,386)	6,342,189	1,771,489	6,102,292	1,120,663	7,222,955
Net Assets (Deficit), End of Year	* \$(2,985,346)	\$7,353,331	\$1,027,970	\$5,395,955	\$ 1,004,645	\$6,400,600	* \$(3,759,142)	\$6,139,571	\$1,359,586	\$ 3,740,015	\$ 861,528	\$4,601,543

* Includes net deficit of \$1,101,005 (2021) and \$2,083,656 (2020) related to accrued pension expense.

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021							2020					
	Program Services							Supporting Services			Total Expenses	Total Expenses	
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Outreach and Public Relations	Audience Research	Total	Administration	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 61,707	\$ 455,674	\$ 505,488	\$ 186,187	\$ 187,205	\$ 183,968	\$275,009	\$ 1,855,238	\$ 549,830	\$ 376,198	\$ 926,028	\$2,781,266	\$ 7,144,077
Payroll taxes and employee benefits	81,181	257,717	151,947	105,091	119,061	63,551	106,160	884,708	358,507	120,670	479,177	1,363,885	2,439,646
Professional fees	-	-	-	-	-	-	-	-	145,278	-	145,278	145,278	170,588
Program consultants and creative participants	419	8,387	27,599	15,805	1,258	210	28,179	81,857	5,241	94,715	99,956	181,813	477,936
Advertising and marketing	-	-	-	60	-	5,624	1,226	6,910	940	26,986	27,926	34,836	116,549
Office expenses	18,640	58,453	21,685	21,728	37,520	3,945	8,276	170,247	80,412	10,646	91,058	261,305	484,822
Occupancy costs	149,204	146,955	76,672	76,672	288,734	12,779	38,336	789,352	224,128	31,947	256,075	1,045,427	1,199,912
Equipment rental and maintenance	7,036	17,456	5,305	5,305	7,069	843	3,523	46,537	17,161	2,728	19,889	66,426	56,162
Printing and publications	570	23,414	-	-	1,565	750	-	26,299	-	2,710	2,710	29,009	131,022
Travel	49	977	264	171	147	158	171	1,937	694	122	816	2,753	84,172
Insurance	27,832	15,855	5,355	5,355	42,267	857	3,414	100,935	22,791	2,669	25,460	126,395	139,114
Postage and shipping	-	16,375	153	153	11,203	25	-	27,909	2,474	11,853	14,327	42,236	84,458
Ticket purchases	-	-	21,044	60,886	-	-	-	81,930	-	-	-	81,930	1,580,547
Security	2,410	1,310	684	684	285	114	342	5,829	2,128	285	2,413	8,242	22,872
Costume cleaning and related expenses	-	-	-	-	67,759	-	-	67,759	-	-	-	67,759	124,588
Computer related costs	3,469	69,388	12,771	12,143	10,408	1,735	55,566	165,480	44,700	19,932	64,632	230,112	313,726
Credit card fees	-	59,544	-	-	-	-	-	59,544	1,115	18,052	19,167	78,711	629,095
Grants	-	-	-	-	-	-	-	-	-	-	-	-	43,500
Leagues' Special Projects	-	-	-	-	-	10,000	-	10,000	125,670	-	125,670	135,670	506,949
Costs related to cancelled fundraising event (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	277,745
Miscellaneous	1,254	45,848	391	1,144	323	8,876	61	57,897	14,697	35,846	50,543	108,440	433,511
Total expenses before depreciation	353,771	1,177,353	829,358	491,384	774,804	293,435	520,263	4,440,368	1,595,766	755,359	2,351,125	6,791,493	16,460,991
Depreciation	96,288	68,715	12,126	12,126	57,968	14,147	30,315	291,685	20,210	34,358	54,568	346,253	426,540
Total Expenses, 2021	<u>\$ 450,059</u>	<u>\$ 1,246,068</u>	<u>\$ 841,484</u>	<u>\$ 503,510</u>	<u>\$ 832,772</u>	<u>\$ 307,582</u>	<u>\$550,578</u>	<u>\$ 4,732,053</u>	<u>\$ 1,615,976</u>	<u>\$ 789,717</u>	<u>\$2,405,693</u>	<u>\$7,137,746</u>	
Total Expenses, 2020	<u>\$3,869,817</u>	<u>\$ 2,994,154</u>	<u>\$ 2,259,353</u>	<u>\$ 1,609,149</u>	<u>\$1,272,525</u>	<u>\$ 564,505</u>	<u>\$525,393</u>	<u>\$13,094,896</u>	<u>\$ 2,409,371</u>	<u>\$ 1,383,264</u>	<u>\$3,792,635</u>		<u>\$16,887,531</u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services							Supporting Services			Total Expenses	
	TKTS by TDF	TDF Membership Program	TDF Schools and Community Engagement Programs	TDF Accessibility Programs	Costume Collection	Outreach and Public Relations	Audience Research	Total	Administration	Fundraising		Total
Salaries	\$2,194,423	\$ 931,970	\$ 1,227,753	\$ 370,506	\$ 463,763	\$ 244,565	\$ 85,374	\$ 5,518,354	\$ 1,078,318	\$ 547,405	\$1,625,723	\$ 7,144,077
Payroll taxes and employee benefits	930,532	343,098	249,456	128,176	149,323	68,612	4,516	1,873,713	411,244	154,689	565,933	2,439,646
Professional fees	-	-	-	-	-	-	-	-	170,588	-	170,588	170,588
Program consultants and creative participants	8,623	41,393	27,910	144,363	8,503	8,086	1,238	240,116	125,554	112,266	237,820	477,936
Advertising and marketing	1,755	1,754	1,754	4,254	1,824	75,976	-	87,317	1,754	27,478	29,232	116,549
Office expenses	77,942	106,146	46,350	50,374	69,179	9,375	4,377	363,743	99,448	21,631	121,079	484,822
Occupancy costs	355,883	159,898	91,587	71,691	287,331	17,577	6,695	990,662	171,585	37,665	209,250	1,199,912
Equipment rental and maintenance	5,935	13,683	4,615	6,284	11,962	928	578	43,985	9,813	2,364	12,177	56,162
Printing and publications	5,623	46,390	3,298	2,973	707	15,526	74	74,591	2,096	54,335	56,431	131,022
Travel	3,244	3,128	9,825	38,656	1,292	2,636	89	58,870	17,804	7,498	25,302	84,172
Insurance	47,688	17,295	5,505	4,458	40,431	1,101	732	117,210	19,024	2,880	21,904	139,114
Postage and shipping	81	42,532	1,641	5,718	17,825	432	130	68,359	3,892	12,207	16,099	84,458
Ticket purchases	-	502,213	424,375	652,867	-	-	-	1,579,455	-	1,092	1,092	1,580,547
Security	15,262	2,058	1,100	925	490	228	87	20,150	2,232	490	2,722	22,872
Costume cleaning and related expenses	18,737	-	-	-	99,346	2,168	4,337	124,588	-	-	-	124,588
Computer related costs	86,181	105,471	18,736	14,399	16,567	3,557	-	244,911	49,264	19,551	68,815	313,726
Credit card fees	-	555,535	-	9,947	11,940	-	-	577,422	24,027	27,646	51,673	629,095
Grants	-	-	-	43,500	-	-	-	43,500	-	-	-	43,500
Leagues' Special Projects	-	-	-	-	-	65,000	416,949	481,949	25,000	-	25,000	506,949
Costs related to cancelled fundraising event (Note 12)	-	-	-	-	-	-	-	-	-	277,745	277,745	277,745
Miscellaneous	4,859	37,531	96,357	24,417	40,817	18,477	217	222,675	156,705	54,131	210,836	433,511
Total expenses before depreciation	3,756,768	2,910,095	2,210,262	1,573,508	1,221,300	534,244	525,393	12,731,570	2,368,348	1,361,073	3,729,421	16,460,991
Depreciation	113,049	84,059	49,091	35,641	51,225	30,261	-	363,326	41,023	22,191	63,214	426,540
Total Expenses	<u>\$3,869,817</u>	<u>\$ 2,994,154</u>	<u>\$ 2,259,353</u>	<u>\$ 1,609,149</u>	<u>\$1,272,525</u>	<u>\$ 564,505</u>	<u>\$ 525,393</u>	<u>\$13,094,896</u>	<u>\$ 2,409,371</u>	<u>\$ 1,383,264</u>	<u>\$3,792,635</u>	<u>\$16,887,531</u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,799,057	\$(2,621,412)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Pension-related changes other than periodic pension cost	(1,087,968)	621,420
Depreciation and amortization	346,253	426,540
Loan forgiveness - Paycheck Protection Program - 1st draw	(2,043,780)	-
Deferred rent	48,412	53,705
Contributions restricted to endowment	(2,000)	(2,000)
Net realized and unrealized (gains) losses on investments	(1,410,819)	85,644
(Increase) decrease in:		
Receivables	219,769	(194,602)
Contributions receivable	287,770	186,798
Prepaid expenses and other current assets	(24,969)	(40,389)
Increase (decrease) in:		
Accounts payable and accrued expenses	295,302	(413,401)
Advance ticket revenue	37,588	(621,018)
Other deferred revenue	(14,671)	(10,484)
Accrued pension expense	105,317	71,152
Net Cash Used By Operating Activities	<u>(1,444,739)</u>	<u>(2,458,047)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	3,245,869	761,264
Purchase of investments	<u>(3,048,810)</u>	<u>(144,290)</u>
Net Cash Provided By Investing Activities	<u>197,059</u>	<u>616,974</u>
Cash Flows From Financing Activities		
Collection of contributions restricted to endowment	25,000	75,000
Proceeds from loan payable - Paycheck Protection Program - 1st draw	-	2,043,780
Proceeds from loan payable - Paycheck Protection Program - 2nd draw	1,990,000	-
Net Cash Provided By Financing Activities	<u>2,015,000</u>	<u>2,118,780</u>
Net increase in cash and cash equivalents	767,320	277,707
Cash and cash equivalents, beginning of year	<u>2,296,902</u>	<u>2,019,195</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,064,222</u></u>	<u><u>\$ 2,296,902</u></u>

See notes to financial statements.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Theatre Development Fund, Inc. ("TDF"), a not-for-profit organization founded in 1967 to promote the performing arts, is a broadly-oriented service and advocacy organization dedicated to bringing the power of the performing arts to everyone. TDF's activities fall into three areas. TDF expands access, making the performing arts accessible to all by removing cultural, physical and financial barriers. TDF cultivates communities of theatergoers by engaging, educating and encouraging people to make the performing arts an essential part of their lives. TDF supports theatre makers, sustains creators, and advances the industry through convenings, research, and the TDF Costume Collection. Through its programs, TDF brings theatre into the lives of over 2,000,000 people per year. TDF's efforts are primarily focused in New York, but it has also been involved in audience development efforts for the performing arts across the United States and, on a limited basis, internationally.

b - Cash and Cash Equivalents

Cash equivalents consist of investments that are readily convertible into cash and have original maturities of three months or less when purchased, except for those short-term investments managed by TDF's investment managers as part of their long-term investment strategies.

c - Contribution Revenue and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to TDF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Until then, such conditional contributions and grants are not recorded in TDF's financial statements. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

TDF uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Investments and Fair Value Measurements

TDF reflects investments at fair value in the statements of financial position. Interest, dividends, and gains and losses on investments are reflected in the statements of activities.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments and Fair Value Measurements (continued)**

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. TDF uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of TDF's investments is measured using Level 1 inputs, the quoted prices in active markets.

e - Fixed Assets

Fixed assets are reported at cost, or if donated at the fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

f - Costume Collection

TDF owns a costume collection, a significant portion of which was originally acquired from Costume Collection, Inc. and the New York State Council on the Arts, and which also includes costumes that have been acquired through donations from others. TDF maintains such costumes and rents them primarily to not-for-profit organizations.

The value of the collection is not reflected as an asset in the statements of financial position. The collection is covered through insurance for losses up to a maximum of \$8 million.

g - Revenue Recognition

TDF has multiple revenue streams that are accounted for as exchange transactions, including ticket sales revenue, costume collection rental income and membership fees. Performing arts ticket sales revenue, consisting of sales generated at theatre centres through the ticket distribution program, is recognized when the performance occurs. Revenue from the consignment ticket sales generated at the theatre centres and through the ticket distribution program is recognized net of the ticket purchase price. Ticket sales are recognized as revenue in the statements of activities when the performances occur. Costume collection rental income is recorded as revenue when rental occurs. Membership fees are recorded as revenue when received. Benefits received are considered de minimis and no deferred income is recorded for future periods.

h - Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$34,836 and \$116,554, respectively.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of TDF's expenses are directly related to program activities. The expenses that are allocated include depreciation and general office expenses, including occupancy costs, which are allocated on a square-footage basis, and certain management compensation and general computer and website costs, which are allocated on the basis of time and effort.

j - Financial Statement Presentation

The financial statements of TDF have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require TDF to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing TDF's primary objectives. These net assets may be used at the discretion of TDF's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TDF or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

k - Tax Status

TDF is a not-for-profit organization 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.

l - Use of Estimates

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

m - Subsequent Events

TDF has evaluated subsequent events through December 2, 2021, the date that the financial statements are considered available to be issued.

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - New Accounting Standards**

For 2021, TDF has adopted Accounting Standards Update (ASU) No 2014-09, "*Revenue from Contracts with Customers (Topic 606)*". Analysis of the various provisions of this standard resulted in no changes in the way TDF recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

In 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which changes the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. TDF is currently evaluating the impact of this standard on its financial statements.

Note 2 - Information Regarding Liquidity and Availability

TDF operates with a balanced budget for each year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of TDF's revenue derives from service charges associated with its ticketing programs. The budget bases the revenue assumptions on prior year's performance, anticipated theatrical and dance activity in the upcoming season and trends in the marketplace. Contributed revenue assumptions are based on prior year's performance and anticipated new funders. TDF considers general expenditures to consist of all expenses related to ongoing and new programmatic activities as well as expenses related to general and administrative costs and fundraising activities undertaken to support those programs.

TDF regularly monitors its activities to ensure it is able to meet its operating needs and other commitments and obligations. Due to the nature of its ticket selling programs, TDF routinely has significant funds on hand representing the purchase of tickets for future performances. Those funds are paid out to the production companies as performances occur; this necessitates liquidity sufficient to meet frequent payment demands. In addition, the reliance on the availability of tickets from outside producers creates an unpredictable environment in terms of revenue cycles. TDF ensures that it has sufficient liquidity to meet expenditures at all times. The combination of cash on hand at the commencement of the fiscal year as well as the sufficiency of revenues generated during the year to fund expenses has allowed TDF to operate without use of the funds in the Board Designated Reserve Fund other than the annual appropriations made pursuant to its spending policy.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

TDF's financial assets as of June 30, 2021 and 2020 and those available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 3,064,222	\$2,296,902
Receivables (excluding \$39,750 of deposits)	130,914	350,683
Contributions receivable	250,900	561,670
Investments	<u>6,853,331</u>	<u>5,639,571</u>
Total Financial Assets	10,299,367	8,848,826
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(706,645)	(565,528)
Plus: Net assets with donor restrictions expected to be met in less than one year	328,000	243,000
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(298,000)	(296,000)
Net assets without donor restrictions, subject to spending policy and appropriation	(7,353,331)	(6,139,571)
Plus: Amounts appropriated for use within one year	<u>305,000</u>	<u>261,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 2,574,391</u>	<u>\$2,351,727</u>

In addition to these financial assets available within one year as of June 30, 2021, TDF maintains board designated reserve funds of \$7,048,331 (excluding the appropriation for fiscal year 2022 of \$305,000). The reserve, which is invested under the direction of the Finance Committee, could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Trustees.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 3 - Net Assets**a - Net Assets Without Donor Restrictions**Board Designated Reserve

Effective July 1, 1996, as authorized by the Board of Trustees, TDF established the Board Designated Reserve (the "Reserve"). The Reserve is primarily held available for various TDF programs in the event of extraordinary circumstances, and may not be used without the express approval of the Board of Trustees. During the year ended June 30, 2012, the Board of Trustees approved a transfer of \$400,000 to the Reserve to fund TDF's expected required contributions to its defined benefit pension plan in future years. During the year ended June 30, 2013, \$60,000 was used for this purpose, and the remaining \$340,000 is available for future periods.

The Board of Trustees has approved a policy to allow for annual appropriations to fund programmatic expansion in an amount not to exceed 5% of the value of the Reserve based on a rolling sixteen quarter average fair market value. Transfers during both the years ended June 30, 2021 and 2020 of \$261,000 (4.35% and 5%, respectively), have been recognized pursuant to this policy.

During the year ended June 30, 2020, TDF borrowed an additional \$500,000 from the Reserve fund.

TDF Activity/Leagues' Special Projects

Annually, the revenue derived from a portion of the service charge of the Theatre Centres is to be used for TDF program activities and for League projects that are mutually agreed to by TDF and The Broadway League or the League of Off-Broadway Theatres and Producers. The projects are administered by TDF as set forth in the Leagues' Special Projects classification. These revenues and expenses are reported as part of TDF's operating activities. For the years ended June 30, 2021 and 2020, the deficit of these revenues over expenses was (\$134,402) and (\$236,227), respectively.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30 are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Operating:		
Subject to expenditure for specified purpose	\$ 601,645	\$518,528
Subject to passage of time	<u>105,000</u>	<u>47,000</u>
	706,645	565,528
Endowment subject to spending policy and appropriation (Note 5):		
Investment in perpetuity		
Theatre education program	<u>298,000</u>	<u>296,000</u>
Total Net Assets with Donor Restrictions	<u>\$1,004,645</u>	<u>\$861,528</u>

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 4 - Concentration of Credit Risk**

TDF maintains its cash and cash equivalents at a financial institution in New York. Certain cash balances are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Cash balances commonly exceed federally insured limits, and result in a concentration of credit risk. Any exposure to risk is monitored on a regular basis.

Note 5 - Endowment Funds

TDF launched a campaign to fund an endowment for the Wendy Wasserstein Project, a theatre education mentoring program for New York City high school students. The Campaign is in its earliest phase, and TDF anticipates a three to four year campaign with a goal currently set at \$3 million. Through June 30, 2021, TDF received \$300,000, for this endowment. TDF also expects to allocate other donor-restricted funds raised in prior years in memory of Wendy Wasserstein totaling approximately \$175,000, and combine them with this endowment fund. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York State Prudent Management of Institutional Funds Act, TDF classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying them to net assets without donor restrictions.

TDF's endowment funds at June 30, 2021 and 2020 are donor-restricted endowment funds classified as net assets with donor restrictions and total \$250,000 and \$225,000, respectively.

TDF invests its endowment funds in a money market fund in a manner that is intended to produce current income while assuming a low level of investment risk. For the years ended June 30, 2021 and 2020, TDF did not earn or appropriate any income for expenditure.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6 - Contributions Receivable

Contributions receivable at June 30 are due as follows:

	<u>2021</u>	<u>2020</u>
Due within one year	\$227,900	\$451,005
Due within two to five years	<u>25,000</u>	<u>120,700</u>
	252,900	571,705
Less: Discount to present value	<u>(2,000)</u>	<u>(10,035)</u>
	<u>\$250,900</u>	<u>\$561,670</u>

Contributions receivable are summarized as follows by net asset classification as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$115,900	\$234,805
With donor restrictions:		
Time and purpose restrictions	87,000	255,865
Perpetual in nature	<u>48,000</u>	<u>71,000</u>
	<u>\$250,900</u>	<u>\$561,670</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to present value using a discount rate of 3%.

Note 7 - Investments

Investments, all of which are Level 1 within the fair value hierarchy, consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 479,889	\$ 479,889	\$ 504,163	\$ 504,163
Mutual funds - equities	3,027,801	4,806,687	3,141,750	3,585,228
Mutual funds - fixed income	620,942	610,137	223,937	205,779
Fixed income - U.S. Treasury	383,273	380,637	419,926	432,288
Fixed income - Corporate	<u>570,211</u>	<u>575,981</u>	<u>892,351</u>	<u>912,113</u>
	<u>\$5,082,116</u>	<u>\$6,853,331</u>	<u>\$5,182,127</u>	<u>\$5,639,571</u>

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 8 - Fixed Assets

a - Fixed assets at June 30, 2021 and 2020 consist of the following:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Furniture, computers and equipment	3-5 years	\$ 232,038	\$ 232,038
Leasehold improvements	Life of lease	2,665,071	2,665,071
Website and software application costs	3 years	<u>878,192</u>	<u>878,192</u>
		3,775,301	3,775,301
Less: Accumulated depreciation and amortization		<u>(2,605,076)</u>	<u>(2,258,823)</u>
		<u>\$1,170,225</u>	<u>\$1,516,478</u>

b - Construction of a new TKTS booth on Duffy Square (Times Square Theatre Centre, occupied by TDF under a license agreement expiring 2027) was completed in October 2008. The construction of the new booth was part of a larger project for the expansion and redevelopment of Duffy Square. The overall project was a joint collaboration between TDF, the Times Square Alliance and the Coalition for Father Duffy. The total cost was in excess of \$18 million dollars and was funded by the three private parties and The City of New York.

TDF initially contributed \$1,093,744 toward the project in cash and preconstruction phase expenditures. The project costs exceeding the public funding and the commitments of TDF and the Coalition for Father Duffy were funded by the Times Square Alliance. TDF has made additional contributions towards these excess project costs totaling \$575,000.

Note 9 - Loans Payable - Paycheck Protection Program

On April 17, 2020, TDF received a loan (1st draw) totaling \$2,043,780 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on April 17, 2022, and may be forgiven if TDF meets certain employee retention requirements and funds are used for eligible expenses. On June 25, 2021, TDF received forgiveness of the full loan amount. Accordingly, this amount has been recognized as revenue in the accompanying statement of activities.

On January 27, 2021, TDF received an additional loan (2nd draw) totaling \$1,990,000 under the Paycheck Protection Program administered by the U.S Small Business Administration. The loan bears interest at 1% annum, is due on January 27, 2026, and may be forgiven if TDF meets certain employee retention requirements and funds are used for eligible expenses. Management expects to receive forgiveness of the full loan amount.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10 - Commitments and Contingencies

- a - TDF occupies office space, warehouse space (for the Costume Collection) and space for its ticket centres under various leases and license agreements. Future payments under certain of these agreements are also subject to increases for operating escalation charges.

The minimum total annual commitments by year and in the aggregate at June 30, 2021 are approximately as follows:

<u>Year Ending June 30,</u>	
2022	\$ 884,000
2023	875,000
2024	927,000
2025	954,000
2026	970,000
Thereafter, through June 30, 2031	<u>2,840,000</u>
Total	<u>\$7,450,000</u>

Total expense under these agreements for the years ended June 30, 2021 and 2020 totaled \$979,849 and \$1,064,275, respectively.

The aggregate of the total minimum lease payments is amortized on the straight-line method over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of the lease has been included in "Deferred rent" in the accompanying statements of financial position.

TDF has a contingent liability under a standby letter of credit, in the amount of \$86,443, issued in lieu of a cash security deposit with respect to its office lease.

- b - The compensation and benefits of TDF's box office personnel have been determined by collective bargaining with the Treasurers and Ticket Sellers Union Local 751 under an agreement with a term through December 31, 2023. The terms specify provisions for pension, welfare, and annuity benefits (Note 11c) as well as annual increases in wages. For both the years ended June 30, 2021 and 2020, approximately 2% and 34%, respectively, of TDF's compensation and benefits was paid under these terms.
- c - Government supported programs are subject to audit by the respective government agencies.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 11 - Employee Benefit Plansa - Pension Plan

TDF maintains a defined benefit pension plan which covered substantially all of its employees. The benefits are based on years of service and the employee's compensation during the last five years of employment. Effective June 30, 2009, TDF elected a plan curtailment to freeze benefit accruals as of that date. As a result, no new participants are eligible for the plan and future salary increases, as well as additional years of service, have no effect on the employee benefit. Since the election of plan curtailment, TDF has commenced and canceled the process of terminating the plan. As of June 30, 2021, the plan curtailment remains in effect, and no termination was in process.

TDF is required to recognize the funded status of the pension plan, measured as the difference between the fair value of plan assets and the projected benefit obligation, in the statement of financial position. In addition to recognizing net periodic pension cost as an operating expense (\$159,685 for 2021 and \$144,933 for 2020), other changes in the funded status (including actual plan asset gains and losses, and other costs or credits that arise during the period but are not part of net periodic benefit cost) are required to be recognized as a separate line item, apart from expenses, in the statement of activities as an increase (decrease) in net assets of \$1,087,968 (2021) and \$(621,420) (2020).

Obligations and funded status at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Benefit obligation	\$(6,434,855)	\$(6,810,465)
Plan assets at fair value	<u>5,333,850</u>	<u>4,726,809</u>
Funded Status	<u>\$(1,101,005)</u>	<u>\$(2,083,656)</u>
Accumulated benefit obligation	<u>\$ 6,434,855</u>	<u>\$ 6,810,465</u>
Employer contributions	<u>\$ 54,368</u>	<u>\$ 73,781</u>
Plan participant contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 374,491</u>	<u>\$ 293,800</u>
Settlements paid	<u>\$ -</u>	<u>\$ 249,982</u>

Amounts recognized in the statements of financial position at June 30, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Accrued pension expense - noncurrent	<u>\$(1,101,005)</u>	<u>\$(2,083,656)</u>

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 11 - Employee Benefit Plans (continued)a - Pension Plan (continued)

Amounts recognized in the statements of activities for the years ended June 30, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Net (gain) loss (net of settlements in 2020)	\$ (873,129)	\$742,082
Prior service cost	-	-
Amortization of net loss	(213,184)	(119,007)
Amortization of prior service cost	<u>(1,655)</u>	<u>(1,655)</u>
Total pension related changes other than periodic pension cost	(1,087,968)	621,420
Net periodic pension cost	<u>159,685</u>	<u>144,933</u>
	<u>\$ (928,283)</u>	<u>\$766,353</u>

Other changes in plan assets and benefit obligations previously recognized in changes in net assets without donor restrictions during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Net gain	\$1,003,879	\$2,089,673
Prior service cost	<u>5,944</u>	<u>7,599</u>
Amounts previously recognized in net assets without donor restrictions, not yet recognized as periodic pension cost at June 30	<u>\$1,009,823</u>	<u>\$2,097,272</u>

The estimated net loss for the defined benefit pension plan that will be amortized from changes in net assets without donor restrictions into net periodic benefit cost over the next fiscal year is \$60,775. Prior service cost to be amortized over the next fiscal year is expected to be \$1,655.

The following weighted-average assumptions were used to determine benefit obligations at June 30:

	<u>2021</u>	<u>2020</u>
Discount rate	2.55%	2.45%
Rate of compensation increase	N/A	N/A

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 11 - Employee Benefit Plans (continued)a - Pension Plan (continued)

The following weighted-average assumptions were used to determine net periodic benefit cost for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Discount rate	2.45%	3.40%
Expected long-term return on plan assets	5.50%	6.00%
Rate of compensation increase	N/A	N/A

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

The percentage of the fair value of total plan assets, all of which are Level 1 assets within the fair value hierarchy, held as of June 30 (the measurement date) by asset category is as follows:

	<u>2021</u>	<u>2020</u>
Equity securities	49%	52%
Debt securities	45%	46%
Real estate	<u>6%</u>	<u>2%</u>
Total	<u>100%</u>	<u>100%</u>

The investment strategy for this plan is to invest for the long-term, using diversified, liquid investment options.

Contributions to the pension plan for the year ended June 30, 2022 are expected to be \$117,310. No plan assets are expected to be returned to TDF during the year ended June 30, 2022.

As of June 30, 2021, the amount of benefits expected to be paid are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 890,000
2023	710,000
2024	340,000
2025	560,000
2026	520,000
2027-2031	1,930,000

THEATRE DEVELOPMENT FUND, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 11 - Employee Benefit Plans (continued)****a - Pension Plan (continued)**

In the event of completion of a plan termination, TDF would be required to make a lump-sum payment of an amount representing the difference between the plan assets on the final distribution date and the cost of present value of the plan benefits as of that same date.

b - Defined Contribution Plans

TDF participates in a tax deferred annuity plan for all eligible employees. After one year of service, TDF matches an eligible employee's contribution up to 4.5% of the employee's compensation. Total contributions by TDF to the plan for the years ended June 30, 2021 and 2020 were \$82,794 and \$155,395, respectively.

TDF also maintains a defined contribution plan, where TDF makes a discretionary contribution to the plan based on compensation for all non-union employees. Total contributions to the plan for the years ended June 30, 2021 and 2020 were \$70,517 and \$133,711, respectively.

c - Union Benefits

TDF makes payments for pension, health, and annuity benefits under a collective bargaining agreement (Note 10b). During the years ended June 30, 2021 and 2020, total pension (Note 11d), health and annuity expense under this agreement was \$14,483 (2021) and \$616,024 (2020).

d - Multiemployer Defined Benefit Pension Plan

TDF contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risk of participating in a multiemployer plan is different from single-employer plans in the following aspects:

- 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 TDF chooses to stop participating in its multiemployer plan, TDF may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

THEATRE DEVELOPMENT FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 11 - Employee Benefit Plans (continued)**d - Multiemployer Defined Benefit Pension Plan (continued)**

TDF's participation in this plan, which comprises greater than 5% of the total plan for the fiscal years ended June 30, 2021 and 2020 is outlined below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2021 and 2020 is for the plan's year-end at August 31, 2020 and 2019, respectively. The zone status is based on information that TDF received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plans are subject.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status Pending Implementation</u>	<u>Contributions of TDF</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
		<u>2020</u>	<u>2019</u>		<u>2021</u>	<u>2020</u>		
Treasurers and Ticket Sellers Local 751 Pension Plan	13-6164776/001	Green	Green	N/A	<u>\$1,275</u>	<u>\$152,506</u>	No	December 31, 2023

Note 12 - Risks and Uncertainties

In March 2020, all live theatrical performances were suspended at the direction of state and local governmental authorities and in accordance with guidance issued by federal agencies. Live theatrical performances were not allowed to resume performances in most indoor venues until summer 2021. As a result of the suspended performances, TDF suspended most of its programming while evaluating how to absorb the economic impact of the closure and how best to migrate what programming it could to online operations. From March 2020 through June 30, 2021, TDF reduced expenses by instituting budget cuts and reducing staff through furloughs and layoffs. TDF implemented a special fund raising campaign, converted some institutional support from programmatic support to general operating support and successfully navigated education, access and community engagement programs to a virtual format. In addition, it instituted a membership renewal campaign and provided online offerings. TDF also obtained two loans under the federal Paycheck Protection Program established by the CARES Act. In addition, TDF has available for its use funds from its Board Designated Reserve Fund.

With these steps, rigorous ongoing oversight and strategic resumption of programming linked to live performance, management believes that its current financial assets are sufficient to support TDF's operations on an ongoing basis.