THE 52ND STREET PROJECT, INC.
Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Report

ADVISORY TAX AUDIT

The 52nd Street Project, Inc.
Table of Contents
June 30, 2022 and 2021

withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
The 52nd Street Project, Inc.:

Opinion

We have audited the accompanying financial statements of The 52nd Street Project, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The 52nd Street Project, Inc. as of June 30, 2022 and 2021, 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 of 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 the 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

January 3, 2023

The 52nd Street Project, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	$ 174,230	$ 92,251	$ 266,481	$ 318,111	$ 44,251	$ 362,362
Accounts receivable, net allowance for uncollectables	35,953	-	35,953	29,109	-	29,109
Unconditional promises to give	116,425	-	116,425	320,590	130,000	450,590
Employee Retention Tax Credit receivable	308,432	-	308,432	79,239	-	79,239
Prepaid expenses	75,995	-	75,995	19,997	-	19,997
Total current assets	711,035	92,251	803,286	767,046	174,251	941,297
Unconditional promises to give, net of current portion	-	-	-	29,954	-	29,954
Investments	5,993,918	397,736	6,391,654	7,223,510	397,736	7,621,246
Property and equipment, at cost, net of accumulated depreciation	9,914,912	-	9,914,912	10,320,061	-	10,320,061
Total assets	$ 16,619,865	$ 489,987	$ 17,109,852	$ 18,340,571	$ 571,987	$ 18,912,558
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	$ 78,874	$ -	$ 78,874	$ 84,877	$ -	$ 84,877
PPP loan payable, current portion	-	-	-	3,757		3,757
EIDL loan payable, current portion	3,799	-	3,799	3,003	-	3,003
Deferred income	5,640	-	5,640	9,390	-	9,390
Total current liabilities	88,313	-	88,313	101,027	-	101,027
PPP loan payable, net of current portion	-	-	-	221,459	-	221,459
EIDL loan payable, net of current portion	145,987	-	145,987	146,997	-	146,997
Total liabilities	234,300	-	234,300	469,483	-	469,483
Net assets (deficit)						
Without donor restrictions						
Property and equipment, net	9,914,912	-	9,914,912	10,320,061	-	10,320,061
Board-designated	6,609,661	-	6,609,661	7,720,401	-	7,720,401
General operating	(139,008)	-	(139,008)	(169,374)	-	(169,374)
With donor restrictions	-	489,987	489,987	-	571,987	571,987
Total net assets	16,385,565	489,987	16,875,552	17,871,088	571,987	18,443,075
Total liabilities and net assets	$ 16,619,865	$ 489,987	$ 17,109,852	$ 18,340,571	$ 571,987	$ 18,912,558

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

The 52nd Street Project, Inc.
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022				2021			
	Without Donor Restrictions				Without Donor Restrictions			
Operating activities	Unrestricted	Board - Designated	With Donor Restrictions	Total	Unrestricted	Board - Designated	With Donor Restrictions	Total
Public support and other revenue								
Public support								
Government	$ 171,850	$ -	$ -	$ 171,850	$ 142,817	$ -	$ -	$ 142,817
Foundations	80,000	-	25,000	105,000	163,000	-	130,000	293,000
Corporations	28,389	-	-	28,389	55,685	43,500	10,000	109,185
Individuals	570,605	-	-	570,605	188,046	-	-	188,046
Fundraising benefits	30,000		8,000	38,000	315,915	-	-	315,915
Less: Direct costs of fundraising benefits	(35,504)	-	-	(35,504)	(34,773)	-	-	(34,773)
Spending policy distribution	-	-	-	-	58,921	-	-	58,921
Net assets released from restrictions								
Foundations	115,000	-	(115,000)	-	70,000	-	(70,000)	-
Individuals	-	-	-	-	24,685	-	(24,685)	-
Total public support	960,340	-	(82,000)	878,340	984,296	43,500	45,315	1,073,111
Other revenue								
Employee Retention Tax Credit revenue	83,727	-	-	83,727	79,239	-	-	79,239
Theatre rental income	175,028	-	-	175,028	27,200	-	-	27,200
Other income	7,973	-	-	7,973	864	-	-	864
Total other revenue	266,728	-	-	266,728	107,303	-	-	107,303
Total public support and other revenue	1,227,068	-	(82,000)	1,145,068	1,091,599	43,500	45,315	1,180,414
Expenses								
Program services	1,644,834	-	-	1,644,834	1,438,751	-	-	1,438,751
Supporting services								
Management and general	188,698	-	-	188,698	141,354	-	-	141,354
Fundraising	144,327	-	-	144,327	143,760	-	-	143,760
Total supporting services	333,025	-	-	333,025	285,114	-	-	285,114
Total expenses	1,977,859	-	-	1,977,859	1,723,865	-	-	1,723,865
Change in net assets before nonoperating activities (carried forward)	(750,791)	-	(82,000)	(832,791)	(632,266)	43,500	45,315	(543,451)

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

The 52nd Street Project, Inc.
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022				2021			
	Without Donor Restrictions				Without Donor Restrictions			
	Unrestricted	Board-Designated	With Donor Restrictions	Total	Unrestricted	Board-Designated	With Donor Restrictions	Total
Change in net assets before nonoperating activities (brought forward)	$ (750,791)	$ -	$ (82,000)	$ (832,791)	$ (632,266)	$ 43,500	$ 45,315	$ (543,451)
Non-operating activities								
PPP loan forgiveness	225,430	-	-	225,430	208,974	-	-	208,974
Employee Retention Tax Credit revenue	150,578	-	-	150,578	-	-	-	-
Investment return, net	-	(1,045,648)	(65,092)	(1,110,740)	-	715,976	41,772	757,748
Excess earnings, net	-	(65,092)	65,092	-	-	41,772	(41,772)	-
Donated equipment	-	-	-	-	2,777	-	-	2,777
Spending policy distribution	-	-	-	-	-	(58,921)	-	(58,921)
Total nonoperating activities	376,008	(1,110,740)	-	(734,732)	211,751	698,827	-	910,578
Change in net assets	(374,783)	(1,110,740)	(82,000)	(1,567,523)	(420,515)	742,327	45,315	367,127
Net transfers - purchase of property and equipment	-	-	-	-	5,838	(5,838)	-	-
Net assets								
Beginning of year	10,150,687	7,720,401	571,987	18,443,075	10,565,364	6,983,912	526,672	18,075,948
End of year	$ 9,775,904	$ 6,609,661	$ 489,987	$ 16,875,552	$ 10,150,687	$ 7,720,401	$ 571,987	$ 18,443,075

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

The 52nd Street Project, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries, wages, benefits, and taxes	$ 924,423	$ 76,257	$ 99,739	$ 175,996	$ 1,100,419
Marketing and press	32	5,903	4,990	10,893	10,925
Repairs and maintenance	22,323	1,240	1,240	2,480	24,803
Professional fees	84,183	26,780	3,556	30,336	114,519
Supplies and office expenses	12,173	2,977	871	3,848	16,021
Insurance	49,578	2,754	2,754	5,508	55,086
Rent and utilities	128,136	7,125	6,937	14,062	142,198
Security	15,590	1,158	1,158	2,316	17,906
Telecommunications	8,575	476	476	952	9,527
Postage, delivery, and printing	1,009	58	2,092	2,150	3,159
Scholarships	27,000	-	-	-	27,000
Subscriptions, dues, and memberships	353	6,910	-	6,910	7,263
Direct event expenses	-	-	35,504	35,504	35,504
Indirect event expenses	871	-	-	-	871
Touring travel, housing, and food	444	63	262	325	769
Catering and hospitality	5,443	1,004	28	1,032	6,475
Bank and processing fees	-	8,056	-	8,056	8,056
Bad debt expense	-	23,162	-	23,162	23,162
Depreciation	364,701	20,224	20,224	40,448	405,149
Interest expense	-	4,551	-	4,551	4,551
	1,644,834	188,698	179,831	368,529	2,013,363
Less: Direct costs of special events netted with revenue	-	-	(35,504)	(35,504)	(35,504)
Total expenses	$ 1,644,834	$ 188,698	$ 144,327	$ 333,025	$ 1,977,859

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

The 52nd Street Project, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries, wages, benefits, and taxes	$ 739,420	$ 68,879	$ 107,140	$ 176,019	$ 915,439
Marketing and press	2,098	5,794	5,127	10,921	13,019
Repairs and maintenance	34,670	1,926	1,926	3,852	38,522
Professional fees	51,889	20,203	7,078	27,281	79,170
Supplies and office expenses	8,223	1,046	561	1,607	9,830
Insurance	46,506	2,577	2,577	5,154	51,660
Rent and utilities	117,858	4,558	6,827	11,385	129,243
Security	14,407	800	800	1,600	16,007
Telecommunications	9,739	529	529	1,058	10,797
Postage, delivery, and printing	164	9	2,397	2,406	2,570
Scholarships	31,000	-	-	-	31,000
Subscriptions, dues, and memberships	240	1,850	-	1,850	2,090
Direct event expenses	-	-	34,773	34,773	34,773
Touring travel, housing, and food	-	325	46	371	371
Catering and hospitality	111	1,113	615	1,728	1,839
Bank and processing fees	-	9,322	-	9,322	9,322
Bad debt expense	-	3,000	-	3,000	3,000
Depreciation	382,426	16,273	8,137	24,410	406,836
Interest expense	-	3,150	-	3,150	3,150
	1,438,751	141,354	178,533	319,887	1,758,638
Less: Direct costs of special events netted with revenue	-	-	(34,773)	(34,773)	(34,773)
Total expenses	$ 1,438,751	$ 141,354	$ 143,760	$ 285,114	$ 1,723,865

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

The 52nd Street Project, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating and nonoperating activities		
Change in net assets	$ (1,567,523)	$ 367,127
Adjustments to reconcile change in net assets to net cash used in operating and nonoperating activities		
Depreciation	405,149	406,836
Bad debt expense	23,162	3,000
Forgiveness from PPP loan payable	(225,430)	(208,974)
Realized loss (gain) on sale of investments	52,866	(814,312)
Unrealized loss on investments	1,187,465	278,556
Donated equipment	-	(2,777)
Donated securities	(11,439)	(11,545)
Change in discount for present value of unconditional promises to give	(2,046)	(6,502)
(Increase) decrease in		
Accounts receivable	(19,344)	(169,401)
Employee Retention Tax Credit receivable	(229,193)	79,239
Prepaid expenses	(55,998)	5,002
Unconditional promises to give	355,503	(202,248)
Increase (decrease) in		
Accounts payable and accrued expenses	(6,003)	13,951
Deferred rental income	(3,750)	(809)
Net cash used in operating and nonoperating activities	(96,581)	(262,857)
Investing activities		
Purchase of investments	(2,286,670)	(7,717,816)
Proceeds from sale of investments and donated securities	2,287,584	7,319,101
Purchase of property and equipment	-	(5,838)
Net cash provided by (used in) investing activities	914	(404,553)
Financing activities		
Payments on EIDL loan payable	(214)	-
Proceeds from EIDL loan payable	-	150,000
Proceeds from PPP 2 loan payable	-	225,216
Net cash provided by (used in) financing activities	(214)	375,216
Net change in cash and cash equivalents	(95,881)	(292,194)
Cash and cash equivalents		
Beginning of year	362,362	654,556
End of year	$ 266,481	$ 362,362
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 4,551	$ 3,150
Donated equipment	$ -	$ 2,777

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The 52nd Street Project, Inc. (the "Organization" or the "Project") is a not-for-profit organization incorporated in New York State in January 1989. The mission of the Organization, a community-based arts organization, is to bring together kids from Hell's Kitchen in Manhattan, starting at age ten and lasting through their teens, with theatre professionals to create original theatre offered free to the general public. By building on the core experience of accomplishment and collaboration, the Project fosters a sense of inclusion in a place where the children belong and where their creative work is the driving force. Through long-term mentoring relationships and exposure to diverse art forms, the Project seeks to expand the children's means of expression and to improve their literacy, their life skills, and their attitude towards learning. During July 2021, in-person programming resumed after the Organization temporarily closed its facilities effective March 2020, due to COVID-19.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. 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. In addition, net assets without donor restrictions include board-designated endowment funds and property and equipment used in operations.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and 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.

Operating Measure

The statements of activities includes operating and nonoperating classifications. Nonoperating activities include the forgiveness of indebtedness on the Paycheck Protection Program ("PPP") loan funds, Employee Retention Tax Credit income, investment return, net, and donated equipment as well as the impact of the spending policy on investments. All other revenues and expenses are included in operating activities within the statements of activities.

New Accounting Pronouncement Adopted

During 2022, the Organization adopted the presentation and disclosure requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU requires presentation of contributed nonfinancial assets apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this ASU had no material impact on the financial statements with the exception of increased disclosures.

New Accounting Pronouncement Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the statements of financial position, this ASU will require both types of leases to be recognized on the statements of financial position and requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The ASU is effective beginning July 1, 2022. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Tax Status and Uncertain Tax Positions

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 402 of the Not-for-Profit Corporation Law in New York State.

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

Cash and Cash Equivalents

For the purposes of the statements of financial position and 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. Cash reserve funds held by the investment manager are considered as cash.

Investments

Investments are reported at fair value, which is determined by using quoted market prices, when available. Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Corporate bonds are 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. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Investments in mutual funds are valued at the net asset value as of the close of each business day. Mutual funds are open-end mutual funds and 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 those published prices. The mutual funds held by the Organization are deemed to be actively traded.

Fixed income securities acquired over 60 days to maturity are valued using the last bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Interest income is recorded as earned.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Donated investments are recorded at the fair value at the date of receipt. Investment-related fees are offset with net investment income.

Property and Equipment

Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of $1,000. 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 contributions with donor restrictions. Absent donor stipulations regarding how long the 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. Equipment and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are amortized over the shorter of the useful life or periods including options, if any, specified in the related lease agreements.

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. 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. There has not been an allowance for uncollectible promises to give established as of June 30, 2021 and 2020 against these receivables based on prior years' experience and management's analysis of specific promises made.

Revenue from Contracts with Customers

The Organization accounts for concession income as an exchange transaction in the statements of activities. The price for these transactions is fixed and recognized at point in time. Revenues from contracts with customers are treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities and shown as deferred income in the statements of financial position.

The following summarizes the Organization's performance obligations:

The timing of revenue recognition, billings, and cash collections results in contract liabilities which are shown as deferred income on the statements of financial position. Contract liabilities as of June 30, 2022 and 2021 were $5,640 and $9,390, respectively. Contract liabilities as of July 1, 2019 were $10,199.

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

Scholarships

Scholarships are recorded as expenses at the time the recipient accepts the award and are generally payable within one year.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation and the present value of pledges receivable. Actual results could differ from those estimates.

2. RESTRICTIONS ON NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions include board-designated funds and the property and equipment fund.

The board established funds to provide long-term stability to the Organization with annual cash flows from investment income to be used to fund ongoing operations, to provide cash reserves for operations, and to support the mission of the Organization. Board-designated net assets as of June 30, 2022 and 2021 are $6,609,661 and $7,720,401, respectively.

The property and equipment fund reflects all transactions related to property, equipment, and construction in progress, when applicable. Property and equipment fund net assets as of June 30, 2022 and 2021 are $9,914,912 and $10,320,061, respectively.

The Organization has a spending policy of appropriating for distribution each year a set amount based on the Organization's current operating budget. During the year ended June 30, 2021, the Organization appropriated $58,921. There was no appropriation for the year ended June 30, 2022. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its general endowment fund to grow.

Net Assets With Donor Restrictions

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

	2022	2021
Scholarship and music program	$ 34,251	$ 34,251
Future periods	58,000	140,000
	92,251	174,251
Donor-designated endowments		
One-on-One program endowment	250,000	250,000
Scholarship program	147,736	147,736
	397,736	397,736
Total net assets with donor restrictions	$ 489,987	$ 571,987

The Organization's endowment consists of several donor-restricted endowment funds established for specific purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. At the donors' request, investment income earned on the One-on-One program endowment and Scholarship program collectively, (the "Funds") is to be distributed to cover actual expenses of the respective programs. Any excess investment income is to be added to the Funds, with any losses reducing net assets without donor restrictions. During the years ended June 30, 2022 and 2021, there was no excess from investing added to the Funds and the distribution was $0 and $41,772, respectively.

One-on-One Endowment Fund
The One-on-One program is an annual summer program run by the Organization that culminates with a theatrical production featuring enrolled youths.

Scholarship Program Fund
The Scholarship program provides college scholarships of $1,000 each to students annually and is available to youths who have been members of the Organization for at least four years. During the years ended June 30, 2022 and 2021, the Organization awarded scholarships of $27,000 and $31,000, respectively.

The net investment income earned on the endowment net assets with donor restrictions has been fully utilized during the years ended June 30, 2022 and 2021 for the designated purposes.

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 these donor-restricted endowments as net assets with donor restrictions, including (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as a permanent endowment 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:

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.

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

	2022 With Donor Restrictions	2021 With Donor Restrictions
Endowment net assets, June 30	$ 397,736	$ 397,736
Investment return, net	-	41,772
Appropriation for spending	-	(41,772)
Endowment net assets, June 30	$ 397,736	$ 397,736

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022 and 2021, 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:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 174,230	$ 318,111
Accounts receivable	35,953	108,348
Employee Retention Tax Credit receivable	308,432	79,239
Unconditional promises to give	116,425	320,590
Total financial assets and liquidity resources available within one year	$ 635,040	$ 826,288

The Organization's cash flows have fluctuations during the year attributable to the timing of program operations. A significant number of contributions received are received annually that support the operations of the Organization. As described in Note 2, the Organization's board-designated fund and donor-restricted endowments provide for annual distributions for operating purposes under the board policy and when funds are spent within the donor requirements.

4. CONCENTRATION OF CREDIT RISK

The Organization maintains cash, cash equivalents, and money market balances at several financial institutions, which at times exceed the insured limit. Financial instruments that potentially subject the Organization to concentrations of credit risk include cash and cash equivalents, money market funds, investments, and unconditional promises to give. The Organization has not experienced and does not expect to experience any losses in these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

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.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below. There were no changes in investment leveling methodology for the years ended June 30, 2022 and 2021. In addition, there were no transfers in Level 3 investments during the years ended June 30, 2022 and 2021.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The following tables represent the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Equities	$ 2,477,330	$ -	$ -	$ 2,477,330
Corporate fixed income	-	717,937	-	717,937
Government securities	1,323,731	-	-	1,323,731
Mutual funds	1,872,656	-	-	1,872,656
	$ 5,673,717	$ 717,937	$ -	$ 6,391,654

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Equities	$ 3,055,200	$ -	$ -	$ 3,055,200
Corporate fixed income	-	786,829	-	786,829
Government securities	1,583,549	-	-	1,583,549
Mutual funds	2,195,668	-	-	2,195,668
	$ 6,834,417	$ 786,829	$ -	$ 7,621,246

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

	2022	2021
Interest and dividend income	$ 195,364	$ 275,052
Realized (loss) gain on sale of investments	(52,866)	814,312
Unrealized loss on investments	(1,187,465)	(278,556)
Investment fees	(65,773)	(53,060)
Investment return, net	$ (1,110,740)	$ 757,748

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional Promises to Give

When estimating fair value of unconditional promises to give, the relationships with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into 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 contribution revenue. Unconditional promises to give to be received after one year are discounted at a risk-adjusted rate of 5%. Uncollectible promises are expected to be insignificant. Unconditional promises to give consist of the following as of June 30:

	2022		
	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 116,425	$ -	$ 116,425

	2021		
	Less Than One Year	Over One Year	Total
Without donor restrictions	$ 320,590	$ 32,000	$ 352,590
With donor restrictions	130,000	-	130,000
	450,590	32,000	482,590
Less: Discount for present value	-	(2,046)	(2,046)
	$ 450,590	$ 29,954	$ 480,544

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Estimated Life/Years	2022	2021
Leasehold improvements	39	$ 14,288,415	$ 14,288,415
Equipment	3-10	691,465	691,465
Furniture and fixtures	7	326,065	326,065
Website development	3	27,756	27,756
		15,333,701	15,333,701
Less: Accumulated depreciation		(5,418,789)	(5,013,640)
		$ 9,914,912	$ 10,320,061

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $405,149 and $406,836, respectively. Leasehold improvements include $10,600,000 contributed by the New York City Department of Cultural Affairs ("DCA") (see Note 9b).

8. ECONOMIC INJURY DISASTER LOAN PAYABLE

On August 28, 2020, the Organization was approved for an Economic Injury Disaster Loan ("EIDL") in the amount of $150,000. The EIDL is a 30-year term loan. The loan bears interest at an annual rate of 2.75% and is collateralized by all tangible and intangible assets of the Organization. Monthly installments on the loan begin 12 months from the date of the loan. The loan is due as follows for the years ending June 30:

2023	$ 3,799
2024	3,905
2025	4,013
2026	4,125
Thereafter through August 28, 2050	133,944
	$ 149,786

9. COMMITMENTS AND CONTINGENCIES

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

b) The Organization entered into a lease for theatre, program, and office spaces. The building that the spaces are located in was created to pursue the development of theatrical spaces in a public-private housing development project in the Clinton section of Manhattan. Upon completion of the building, there will be three not-for-profit organizations occupying the space. The project is managed by the New York City Department of Design and Construction in collaboration with the DCA. The DCA has contributed approximately $10,600,000 for all design and construction costs for the Organization's spaces through the date of these financial statements.

The lease commenced on April 1, 2008 and will expire on March 31, 2107. The lease provides that the Organization will pay and reimburse the landlord for all operating expenses, which were $67,761 and $65,347 for the years ended June 30, 2022 and 2021, respectively, subject to consumer price index increases, rent adjustments, and reserve adjustments.

The lease term is subject to rent adjustments which are based on all operating expenses (as defined within the lease) made at April 1, 2023 and 2038 and every 15th anniversary thereafter.

c) The Organization entered into two license agreements with unrelated parties for the use of the Organization's theatre. The license agreements provide for specific short-term use during the year with approximate rental payments payable at June 30 as follows:

2023	$	42,115
2024		27,115
	$	69,230

d) The Organization entered into a member services agreement with Arts Pool Services, Inc. ("ArtsPool") for financial and workforce administration services. The agreement can be terminated by either party with a 60-day written notice of termination. Per the agreement, ArtsPool is responsible for maintaining a chart of accounts, maintaining and monitoring the operating budget, preparing reports, processing payroll, and managing compliance tasks. ArtsPool is entitled to a fee of 4% of the Organization's projected operating expenses for the fiscal year, which was approximately $60,000 and $76,000 for the years ended June 30, 2022 and 2021, respectively.

10. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) salary deferral plan. Under the plan, the Organization may make a matching contribution to the employees' plan on a discretionary basis that vests to the employee based on the years of service at the Organization. There was no matching contribution for the years ended June 30, 2022 and 2021.

11. RELATED PARTY TRANSACTIONS

During fiscal years 2022 and 2021, contributions aggregating approximately $219,000 and $72,000, respectively, were received from members of the board of directors.

12. DONATED SERVICES, MATERIALS, AND EQUIPMENT

The Organization received donated professional services of $8,724, which was recorded during the year ended June 30, 2021, in support of its program and operations which were valued at hourly rate for services provided. Additionally, during the year ended June 30, 2021, donated equipment of $2,777 was recorded and capitalized.

13. PAYCHECK PROTECTION PROGRAM LOANS PAYABLE

On January 20, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for $225,430 through the Paycheck Protection Program ("PPP") established under the Consolidated Appropriations Act of 2021 and administered by the U.S. Small Business Administration ("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 defined 24-week period after the PPP2 Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. On December 30, 2021, the Organization received notice that the SBA had forgiven the loan in full.

On April 17, 2020, the Organization issued an unsecured promissory note (the "PPP1 Loan") for $208,974 through the PPP established under the Consolidated Appropriations Act of 2021 and administered by the SBA. The PPP1 Loan is guaranteed by the SBA. On January 31, 2021, the Organization received notice that the SBA had forgiven the loan in full.

14. EMPLOYEE RETENTION TAX CREDIT

The Organization has applied for the employee retention tax credits totaling of $313,544. 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 of $234,305 of which $83,727 is recorded in operating revenue and $150,578 which is included in nonoperating revenue, as it relates to expenses incurred in the prior year. For the year ended June 30, 2021, the Organization recorded revenue totaling $79,239, in the accompanying statement of activities. Receivables of $308,432 and $79,239 were outstanding as of June 30, 2022 and 2021, respectively.

15. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and the 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 expense include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include occupancy, and depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, office expense, insurance, and other, which are allocated on the basis of estimates of time and effort.

16. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of January 3, 2023, which is the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no events have occurred that require recognition or disclosure in the financial statements.