ISSUE PROJECT ROOM, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2023

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2022

RB | RICH & BANDER
CERTIFIED PUBLIC ACCOUNTANTS

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WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Issue Project Room, Inc.

Opinion

We have audited the accompanying financial statements of Issue Project Room, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issue Project Room, Inc. as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Issue Project Room, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Issue Project Room, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Issue Project Room, Inc.'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 Issue Project Room, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Issue Project Room, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended December 31, 2023, Issue Project Room, Inc. adopted Financial Accounting Standards Board Accounting Standards Codification 326, Financial Instruments – *Credit Losses,* using the effective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
April 29, 2024

ISSUE PROJECT ROOM, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

ASSETS	2023	2022
Current assets		
Cash and cash equivalents	$ 14,556	$ 16,213
Grants and contributions receivable	165,585	189,680
Prepaid expenses	10,291	8,695
Total current assets	**190,432**	**214,588**
Other assets		
Property and equipment, net	3,602,605	3,577,124
Intangible assets, net	14,175	18,900
Total other assets	**3,616,780**	**3,596,024**
TOTAL ASSETS	**$ 3,807,212**	**$ 3,810,612**

LIABILITIES AND NET ASSETS	2023	2022
Current liabilities		
Accounts payable and accrued expenses	$ 61,110	$ 49,379
Deferred revenue	7,450	4,000
Grant advances	-	8,657
Total current liabilities	**68,560**	**62,036**
Net assets		
Without donor restrictions	5,720	23,318
With donor restrictions	3,732,932	3,725,258
Total net assets	**3,738,652**	**3,748,576**
TOTAL LIABILITIES AND NET ASSETS	**$ 3,807,212**	**$ 3,810,612**

ISSUE PROJECT ROOM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue, support and gains				
Grants and contributions				
Government	$ 52,181	$ 113,048	$ 165,229	$ 508,777
Foundation	132,050	90,139	222,189	226,048
Contributed nonfinancial assets	98,804	-	98,804	77,914
Special event contributions	91,330	-	91,330	79,273
Individual	68,043	-	68,043	55,753
Corporate	10,250	15,000	25,250	30,488
Membership contributions	10,996	-	10,996	11,801
Total grants and contributions	**463,654**	**218,187**	**681,841**	**990,054**
Net assets released from restrictions				
Government	130,215	(130,215)	-	-
Foundation	60,298	(60,298)	-	-
Corporate	20,000	(20,000)	-	-
Total net assets released from restrictions	**210,513**	**(210,513)**	**-**	**-**
Special events				
Special event revenue	11,000	-	11,000	22,870
Less: cost of direct benefits to donors	(8,457)	-	(8,457)	(8,854)
Net special events	**2,543**	**-**	**2,543**	**14,016**
Program service revenue				
Box office and concessions	64,826	-	64,826	69,941
Membership income	8,074	-	8,074	9,201
Total program service revenue	**72,900**	**-**	**72,900**	**79,142**
Other income (loss)				
Miscellaneous income	275	-	275	23
Interest income	9	-	9	2,943
Total other income (loss)	**284**	**-**	**284**	**2,966**
	749,894	**7,674**	**757,568**	**1,086,178**
Expenses				
Program services expense	357,116	-	357,116	372,433
Supporting services expense				
Management and general	290,393	-	290,393	278,274
Fundraising	119,983	-	119,983	116,606
Total supporting services expenses	410,376	-	410,376	394,880
Total expenses	**767,492**	**-**	**767,492**	**767,313**
Change in net assets	(17,598)	7,674	(9,924)	318,865
Net assets - beginning of year	23,318	3,725,258	3,748,576	3,429,711
Net assets - end of year	**$ 5,720**	**$ 3,732,932**	**$ 3,738,652**	**$ 3,748,576**

The accompanying notes are an integral part of these financial statements.

ISSUE PROJECT ROOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	Program Services	Management & General	Fundraising	Cost of Direct Benefits to Donors	2023 Total	2022 Total
Salaries and related payroll expenses	$ 221,155	$ 96,949	$ 111,907	$ -	$ 430,011	$ 431,757
Professional fees	-	108,310	-	-	108,310	85,385
Artist fees, honorariums and stipends	74,242	-	-	-	74,242	75,026
Contract services	13,805	24,806	1,190	-	39,801	46,320
Travel	14,804	-	-	-	14,804	13,804
Depreciation and amortization	-	14,111	-	-	14,111	6,067
Rent and occupancy costs	11,164	1,171	1,315	-	13,650	37,338
Event and other fundraising expenses	-	-	4,612	8,457	13,069	12,650
Marketing and merchandise expenses	1,525	10,334	-	-	11,859	14,196
Bank and merchant processing fees	-	10,300	-	-	10,300	9,477
Office expenses	-	9,330	-	-	9,330	4,396
Insurance	-	7,733	-	-	7,733	14,112
Equipment rental	4,235	-	-	-	4,235	2,392
Concessions	3,604	-	-	-	3,604	3,702
Cleaning and maintenance	-	3,390	-	-	3,390	840
Curatorial fees	3,000	-	-	-	3,000	4,500
Front of house expenses	2,730	-	-	-	2,730	3,078
Meals and meetings	1,229	615	615	-	2,459	1,379
Royalties	1,891	-	-	-	1,891	2,117
Miscellaneous	-	1,510	-	-	1,510	673
Permit and fees	1,358	-	-	-	1,358	950
Telephone and internet	493	259	290	-	1,042	3,474
Supplies	899	48	54	-	1,001	1,334
Printing and production	982	-	-	-	982	174
Interest expense	-	948	-	-	948	250
Postage and delivery	-	579	-	-	579	776
Total expenses by function	**357,116**	**290,393**	**119,983**	**8,457**	**775,949**	**776,167**
Less expenses included with revenues on the statement of activities						
Cost of direct benefits to donors	-	-	-	(8,457)	(8,457)	(8,854)
Total expenses included in the expense section on the statement of activities	**$ 357,116**	**$ 290,393**	**$ 119,983**	**$ -**	**$ 767,492**	**$ 767,313**

ISSUE PROJECT ROOM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (9,924)	$ 318,865
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	14,111	6,067
NYC DCA capital expenditures made on behalf of Organization	-	(247,950)
(Increase) decrease in operating assets:		
Grants and contributions receivable	24,095	(38,480)
Prepaid expenses	(1,596)	(5,493)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	11,731	(20,137)
Deferred revenue	3,450	(6,510)
Grant advances	(8,657)	(62,240)
Total adjustments	43,134	(374,743)
Net cash provided by (used in) operating activities	33,210	(55,878)
Cash flows from investing activities:		
Purchase of property and equipment	(34,867)	(26,302)
Purchase of intangible assets	-	(18,900)
Net cash (used in) investing activities	(34,867)	(45,202)
Net decrease in cash and cash equivalents	(1,657)	(101,080)
Cash and cash equivalents, beginning of year	16,213	117,293
Cash and cash equivalents, end of year	**$ 14,556**	**$ 16,213**
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 948	$ 250
Supplemental disclosures of non-cash activity:		
NYC DCA capital expenditures made on behalf of Organization	$ -	$ 247,950

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Issue Project Room, Inc. (the "Organization") was organized as a not-for-profit corporation on November 4, 2003 under the laws of the State of New York. The mission of the Organization is to present projects by interdisciplinary artists that expand the boundaries of artistic practice and stimulate critical dialogue in the broader community. The Organization serves as a leading cultural incubator, facilitating the commission and premiere of innovative new works spanning genres of music, dance, literature and film. During 2023, the Organization commissioned multiple works and presented numerous events bringing recognition to creative practitioners whose important contributions to the artistic field are underrepresented. The Organization's programs are as follows:

Artists-In-Residence – offers artists an opportunity to develop significant new works in partnership with the Organization over the course of the year.

Curatorial Fellowship – supports an emerging curator in realizing ambitious new projects over the course of the year.

Live Performances – performance series featuring pioneering and emerging artists and musicians.

The Organization's programs are supported primarily by government, foundation, individual, and corporate donor contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Use of Estimates

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

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fiscal Sponsorship

As a fiscal sponsor, the Organization agrees to receive tax-deductible charitable gifts, grants and contributions to be awarded by donors to certain grantees for the benefit and use of the grantees' projects. Because the Organization retains full legal ownership and control over the funds contributed under its fiscal sponsorship arrangements, contributions received are treated as donor restricted and all income and expenses are reported in the activities of the Organization. The Organization charges no more than a 5% administrative fee to grantees, and often 0%.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $1,000 at cost, if purchased, or at fair value on the date of receipt, if donated. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	Years
Building	39.5
Building improvements	39.5
Equipment	5
Furniture and fixtures	5
Land	-

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment. Contract liabilities are recognized when the Organization has an obligation to transfer goods to a customer for which the Organization has received consideration from the customer (or payment is due), but the transfer has not yet been completed. The Organization does not have any opening balances for contract assets. As of December 31, 2023, the contract liability amounted to $7,450.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor - (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue, Revenue Recognition, and Receivables

Government and Foundation – Grant income is comprised of foundation and government grants. Revenue from grants, depending on the terms of the grants, is recognized when an unconditional promise to give has been made to the Organization or to the extent of eligible costs incurred, up to the maximum grant amount. Grant advances include unexpended amounts received. Donated assets from governmental donors are capitalized at fair value at the date of donation and recorded as government revenue with or without donor restrictions, depending on the wishes of the donor.

Individual and Corporate – Contributions are recognized as revenue when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as net assets with donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Special Events – Special event revenue is generated from sponsorships, ticket sales, plus non-attendee donations and are recognized at fair value of direct benefits to donors when the event occurs. The excess amount received is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables (Cont'd)

Grants and Contributions Receivable – Government and foundation revenues that are not yet collected are recorded as grants receivable. Individual and corporate contributions that are not yet collected are recorded as contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization determines collectability of grants and contributions receivable when they are promised and as part of the year end close.

Contributed Nonfinancial Assets – Donated assets are capitalized at fair value at the date of donation and recorded as contributed nonfinancial assets with or without donor restrictions, depending on the wishes of the donor. A number of volunteers have donated significant amounts of their time to the Commission in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Commission and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to purchase if not provided through donation.

Box Office and Concessions – Box office revenues are generated from the sale of tickets for admission to performances presented by the Organization. Box office revenues are recognized when the performance occurs which is the completion of the Organization's performance obligation. Concession revenues are generated from the sale of concessions sold at the venue of the performance, which is the completion of the Organization's performance obligation.

Membership Income – Membership income is recognized over time at the fair value of benefits provided to the donors. The excess is the contribution element which is recognized immediately.

Comparative Data

The amounts shown for the year ended December 31, 2022 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2022 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Asset

The Foundation amortizes intangible asset with finite lives on a straight-line basis over their estimated useful lives. Intangible asset relates to website redevelopment costs that are being amortized using the straight-line method over 5 years.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization does not have any unrelated business income.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2023, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Adoption of Accounting Standard

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance FASB Accounting Standards Codification ("ASC") 326, *Financial Instruments – Credit losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss mode. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measure of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade receivables.

Grants and contributions receivable (under contribution model) are scoped out of FASB ASC 326. The application of the new standard is effective for fiscal years beginning after December 15, 2022, including interim period within fiscal years beginning after December 15, 2022. On January 1, 2022, the Organization adopted FASB ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

On December 13, 2023, the FASB issued Accounting Standards Update ("ASU") 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60)*: *Accounting for and Disclosure of Crypto Assets*. The amendments in ASU 2023-08 require that the Organization measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that the Organization provide enhanced disclosures for both annual and interim reporting periods to provide financial statement users with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings.

In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the requirement to test those assets for impairment. The amendments in ASU 2023-08 are effective for all organizations for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in ASU 2023-09 require greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid. In addition, the amendments require: (1) disclosure of income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (2) disclosure of income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. There are also disclosure requirements that are to be eliminated upon adoption of the amendments. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments are to be applied on a prospective basis and retrospective application is permitted.

The Organization is currently evaluating the effect that these updates will have on its financial statements.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for Credit Losses

The Organization operates in the nonprofit industry and its accounts receivable are primarily derived from program service revenues. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for the credit losses as the Organization's portfolio segment(s) have remained constant since the Organization's inception. As of December 31, 2023, no allowance for credit losses has been recognized.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. There were no write-offs to the financial statements for the year ended December 31, 2023.

2) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2023 totaled $165,585. These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible accordingly, no allowance for doubtful accounts was recorded for the year then ended.

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year-end	Gross amount	Less: Amounts not available to be used within one year	Financial assets available to meet general expenditures within one year
Cash and cash equivalents	$ 14,556	$ 25,139	$ -
Grants and contributions receivable	165,585	153,048	15,037
Total	$ 180,141	$ 178,187	$ 15,307

3) LIQUIDITY AND AVAILABILITY (CONT'D)

In additional to the amount above that is not available to be used within one year, there is an additional $1,400,000 restricted due to the donation of performance space in 2021, as well as $2,191,290 restricted as a result of the capital expenditures made by the City of New York as described in note 10.

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Should the organization not have any liquid, available financial assets it has the ability to draw on its line of credit up to $100,000.

4) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2023. Depreciation expense for the year then ended was $9,386.

Building Improvements	$ 2,191,290
Building	1,146,302
Land	280,000
Furniture and fixtures	46,342
Equipment	44,941
	3,708,876
Less: accumulated depreciation	106,271
	$ 3,602,605

During the year ended December 31, 2023, the Organization was granted a full exemption on all real estate taxes related to its theater space.

5) INTANGIBLE ASSETS

The following is a summary of intangible assets less accumulated amortization as of December 31, 2023. Amortization expense for the year then ended was $4,725.

Website development	$ 18,900
Less: accumulated amortization	4,725
	$ 14,175

6) LINE OF CREDIT

The Organization has available a $100,000 revolving line of credit with a bank at a variable interest rate of 3.25% over the Wall Street Journal Prime Index Rate per annum. Under no circumstances will the interest rate on the line of credit be less than 4.25% per annum. On December 31, 2023, the interest rate on the line of credit was 5.25% per annum. The line of credit is collateralized by all of the current and future assets of the Organization and is payable on demand. The line of credit is reviewed annually and its renewal is at the sole discretion of the bank. The bank has a term note conversion option on the line of credit at any time prior to demanding payment on the line of credit. There was no outstanding balance on the line of credit as of December 31, 2023. Interest expense paid on the line of credit for the year ended December 31, 2023 was $948. The line of credit is available for the general business operations of the Organization.

7) EMPLOYEE BENEFIT PLAN

Employees of the Organization may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

8) DISSAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization’s revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2023:

Revenue recognized at a point in time:	
Box office and concessions	$ 64,826
Membership income (exchange portion)	8,074
	$ 72,900

9) CONTRACT BALANCES

The Organization does not have any opening or ending contract assets for the year ended December 31, 2023.

The following tables provides information about significant changes in the contract liabilities (included in deferred revenue) for the year ended December 31, 2023:

Deferred revenue, beginning of year	$ 4,000
Revenue recognized that was include in deferred revenue at the beginning of year	4,000
Increase in deferred revenue due to cash received during the period	7,450
Deferred revenue, end of year	$ 7,450

10) CAPITAL CONTRIBUTIONS – CITY OF NEW YORK

The Organization was identified as the recipient of services valued at approximately $8.0 million from the City of New York to renovate its current performance space. These funds are maintained by The City of New York and will be paid directly to the architects and contractors renovating the space. These funds are not controlled and/or maintained by the Organization. The capital expenditures made on behalf of the Organization were previously recognized as leasehold improvements and support when expended by The City of New York. Since the performance space was donated to the Organization by the landlord, new capital expenditures will be recognized as building improvements. To date, The City of New York's investment of capital funding totaling $2,114,745 obligates the Organization to maintain and operate the facility for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of The City of New York for cultural, educational or artistic uses and/or related purposes approved by the City of New York.

11) ADVERTISING COSTS

For the year ended December 31, 2023, advertising expense amounted to $1,525 and is included in marketing and merchandise expenses on the statement of functional expenses as part of marketing and merchandise costs.

12) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to asset being placed in service and passage of time:	
NYC DCLA capital expenditures	$ 2,114,745
Donated Building	1,400,000
Subtotal	3,514,745
Subject to expenditure for specified purpose:	
Program support	78,686
Subtotal	78,686
Subject to the passage of time:	
For periods after December 31, 2023	139,500
Subtotal	139,500
Total net assets with donor restrictions	$ 3,732,932

12) NET ASSETS WITH DONOR RESTRICTIONS (CONT'D)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2023:

Expiration of time restrictions:	$ 109,500
Subject to expenditure for specified purpose:	
Program support	74,263
Artist Commissions	16,750
Staffing and venue costs	10,000
Subtotal	101,013
Total net assets with donor restrictions released	$ 210,513

13) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and occupancy costs (including contributed rent) related to the performance space, as well as salaries and related payroll expenses, rent and occupancy costs related to the office space, telephone and internet, supplies, and utilities, which are allocated on the basis of estimates of time and effort.

14) CONCENTRATIONS OF RISK

Credit Risk

The Organization maintains its cash balances at a major financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2023, there were no uninsured balances. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

Concentrations

The Organization received approximately 15% of its total grants and contributions from three donors. The concentration from the contributor does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributor and other revenue.

15) CONTINGENCIES

New York State Department of Labor

The Organization is currently disputing amounts with the New York State Department of Labor totaling approximately $11,000 for unpaid unemployment insurance contributions dating back to January 2013 plus penalties of approximately $8,000. The Organization does not agree with New York State's employee classification and is appealing the determination. During the year, an Administrative Law Judge found the Organization liable for the contributions and penalties. On appeal to the Unemployment Insurance Appeal Board, the previous ruling was sustained, and the Organization was still found to be liable for the above amounts. The Organization has further filed a Notice to Appeal and reopened the Unemployment Insurance Appeal Board's case, with the decision still pending. As the Organization has so far been twice found to owe the amounts, the Organization has previously recognized the expense.

16) SUBSEQUENT EVENTS

Subsequent to year end, the Organization received the formal notice of the total amount of its grant from DCLA. During 2023, only $39,435 was recognized as contributed income due to $34,435 being specified in FY22/23 awarded grant notification as multi-year baseline funding for FY 23/24 and formal notification of $5,000 City Council from Council Member Lincoln Restler (District 33) being confirmed during 2023. Half of this amount is recognized as time restricted. Given the subsequent notification received in February 2024, the remaining confirmed support of $32,660 is to be recognized during 2024. This lag in the recognition of 2023 income largely contributed towards the decrease in net assets without donor restrictions.

Management has evaluated subsequent events through April 29, 2024, which is the date of the financial statements were available to be issued. Management is not aware of any other material subsequent events.