

**AMERICAN THEATRE WING, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
American Theatre Wing, Inc.

We have audited the accompanying financial statements of American Theatre Wing, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2020 and the fifteen month period ended December 31, 2019, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 American Theatre Wing, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended December 31, 2020 and the fifteen month period ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 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, American Theatre Wing, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
June 14, 2021

## AMERICAN THEATRE WING, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Cash and cash equivalents (Notes 1b and 4)	\$ 810,702	\$ 752,092	\$ 1,562,794	\$ 1,298,170	\$ 588,916	\$ 1,887,086
Accounts receivable	16,641	-	16,641	45,984	-	45,984
Unconditional promises to give (Notes 1e, 5 and 12)	114,500	550,000	664,500	51,620	15,000	66,620
Prepaid expenses and other current assets	140,150	-	140,150	182,287	-	182,287
Investment in TAP (Notes 1d and 6)	16,134	-	16,134	267,379	-	267,379
Investments (Notes 1c, 1d, 4 and 7)	10,382,439	509,791	10,892,230	9,710,059	524,240	10,234,299
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 8)	132,297	-	132,297	166,174	-	166,174
Security deposit	68,311	-	68,311	68,311	-	68,311
<b>Total Assets</b>	<b>\$11,681,174</b>	<b>\$ 1,811,883</b>	<b>\$13,493,057</b>	<b>\$11,789,984</b>	<b>\$ 1,128,156</b>	<b>\$12,918,140</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 138,191	\$ -	\$ 138,191	\$ 244,601	\$ -	\$ 244,601
Deferred rent (Notes 1h and 10c)	168,556	-	168,556	201,746	-	201,746
Total Liabilities	306,747	-	306,747	446,347	-	446,347
Commitments and Contingencies (Notes 10 and 14)						
<b>Net Assets</b>						
Without Donor Restrictions						
Operating	997,528	-	997,528	1,046,125	-	1,046,125
Board-designated (Note 3a)	10,376,899	-	10,376,899	10,297,512	-	10,297,512
Total Without Donor Restrictions	11,374,427	-	11,374,427	11,343,637	-	11,343,637
With Donor Restrictions (Note 3b)	-	1,811,883	1,811,883	-	1,128,156	1,128,156
Total Net Assets	11,374,427	1,811,883	13,186,310	11,343,637	1,128,156	12,471,793
<b>Total Liabilities and Net Assets</b>	<b>\$11,681,174</b>	<b>\$ 1,811,883</b>	<b>\$13,493,057</b>	<b>\$11,789,984</b>	<b>\$ 1,128,156</b>	<b>\$12,918,140</b>

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020 AND  
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

	Year Ended December 31, 2020				Fifteen Months Ended December 31, 2019			
	Without Donor Restrictions		With		Without Donor Restrictions		With	
	Operating	Board- Designated	Donor Restrictions	Total	Operating	Board- Designated	Donor Restrictions	Total
<b>Changes in Unrestricted Net Assets</b>								
Revenue and Support (Note 12)								
Government	\$ 260,002	\$ -	\$ -	\$ 260,002	\$ 220,000	\$ -	\$ -	\$ 220,000
Foundations	242,500	-	1,012,800	1,255,300	195,139	-	177,100	372,239
Corporations	89,023	-	54,954	143,977	166,244	-	-	166,244
Individuals	517,507	-	40,390	557,897	776,272	-	160,098	936,370
Fundraising benefit	696,525	-	-	696,525	1,383,416	-	-	1,383,416
Less: Direct benefit expenses	-	-	-	-	(356,911)	-	-	(356,911)
Donated services and materials (Note 11)	10,750	-	-	10,750	81,406	-	-	81,406
Spending policy (Note 3a)	587,903	(587,903)	-	-	-	-	-	-
Net investment income (Note 7)	59	618,693	34,147	652,899	441	658,636	37,853	696,930
Program income (Note 1i)	10,779	-	-	10,779	200,632	-	-	200,632
Equity net income in TAP (Note 6)	-	-	-	-	651,245	-	-	651,245
Net book sales (returns) (Note 1i)	4,141	-	-	4,141	(3,334)	-	-	(3,334)
Other income	10,998	-	-	10,998	7,133	-	-	7,133
	<u>2,430,187</u>	<u>30,790</u>	<u>1,142,291</u>	<u>3,603,268</u>	<u>3,321,683</u>	<u>658,636</u>	<u>375,051</u>	<u>4,355,370</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	458,564	-	(458,564)	-	683,701	-	(683,701)	-
Total Revenue and Support	<u>2,888,751</u>	<u>30,790</u>	<u>683,727</u>	<u>3,603,268</u>	<u>4,005,384</u>	<u>658,636</u>	<u>(308,650)</u>	<u>4,355,370</u>
Expenses								
Program Services	<u>2,177,782</u>	<u>-</u>	<u>-</u>	<u>2,177,782</u>	<u>2,900,964</u>	<u>-</u>	<u>-</u>	<u>2,900,964</u>
Supporting Services								
Management and general	353,619	-	-	353,619	436,771	-	-	436,771
Fundraising	357,350	-	-	357,350	550,626	-	-	550,626
Total Supporting Services	<u>710,969</u>	<u>-</u>	<u>-</u>	<u>710,969</u>	<u>987,397</u>	<u>-</u>	<u>-</u>	<u>987,397</u>
Total Expenses	<u>2,888,751</u>	<u>-</u>	<u>-</u>	<u>2,888,751</u>	<u>3,888,361</u>	<u>-</u>	<u>-</u>	<u>3,888,361</u>
Increase (decrease) in net assets	-	30,790	683,727	714,517	117,023	658,636	(308,650)	467,009
Transfer (Note 3a)	(48,597)	48,597	-	-	(4,554)	4,554	-	-
Net assets, beginning of year	<u>1,046,125</u>	<u>10,297,512</u>	<u>1,128,156</u>	<u>12,471,793</u>	<u>933,656</u>	<u>9,634,322</u>	<u>1,436,806</u>	<u>12,004,784</u>
<b>Net Assets, End of Year</b>	<u>\$ 997,528</u>	<u>\$10,376,899</u>	<u>\$ 1,811,883</u>	<u>\$13,186,310</u>	<u>\$1,046,125</u>	<u>\$10,297,512</u>	<u>\$ 1,128,156</u>	<u>\$12,471,793</u>

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH  
COMPARATIVE TOTALS FOR FIFTEEN MONTHS ENDED DECEMBER 31, 2019

	Year Ended December 31, 2020				Total Expenses	Fifteen Months Ended December 31, 2019 Total Expenses
	Programs Services	Management and General	Fundraising	Total		
Salaries	\$ 724,304	\$ 70,277	\$ 211,225	\$281,502	\$1,005,806	\$ 1,337,841
Employee benefits	123,678	12,022	36,073	48,095	171,773	197,616
Payroll taxes	50,737	4,933	14,798	19,731	70,468	72,752
Consultants and professional fees	37,559	205,876	26,274	232,150	269,709	382,467
Costs of special publication	3,645	-	-	-	3,645	-
Advertising, promotion and public relations	55,421	498	1,498	1,996	57,417	83,434
Grant expense	802,508	-	-	-	802,508	637,517
Honoraria	123,545	-	-	-	123,545	118,023
Office rent, utilities and storage expense	131,067	11,295	33,884	45,179	176,246	289,501
Computer equipment, repair and maintenance	6,680	649	1,948	2,597	9,277	13,169
Insurance	18,778	1,824	5,477	7,301	26,079	19,674
Office expenses	31,573	381	1,164	1,545	33,118	69,924
Equipment rental and maintenance	250	-	-	-	250	10,993
Meetings, travel and hospitality	10,060	660	1,975	2,635	12,695	134,214
Program production and event expense	32,701	32,821	9,895	42,716	75,417	344,247
Indirect benefit expenses	-	-	5,986	5,986	5,986	29,698
Donated services and materials	750	10,000	-	10,000	10,750	81,406
Other expenses	135	11	39	50	185	12,764
Total expenses before depreciation	2,153,391	351,247	350,236	701,483	2,854,874	3,835,240
Depreciation	24,391	2,372	7,114	9,486	33,877	53,121
Total Expenses, 2020	<u>\$2,177,782</u>	<u>\$ 353,619</u>	<u>\$ 357,350</u>	<u>\$710,969</u>	<u>\$2,888,751</u>	
Percentages to Total, 2020	<u>75%</u>	<u>13%</u>	<u>12%</u>	<u>25%</u>	<u>100%</u>	
Total Expenses, 2019	<u>\$2,900,964</u>	<u>\$ 436,771</u>	<u>\$ 550,626</u>	<u>\$987,397</u>		<u>\$ 3,888,361</u>
Percentages to Total, 2019	<u>75%</u>	<u>11%</u>	<u>14%</u>	<u>25%</u>		<u>100%</u>

\* Contribution revenue for the year ended December 31, 2020 totaled \$2,924,451: for every dollar spent on fundraising, \$8.18 in contribution revenue was raised.

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FIFTEEN MONTHS ENDED DECEMBER 31, 2019

	Programs Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 969,494	\$ 91,133	\$ 277,214	\$368,347	\$1,337,841
Employee benefits	143,366	13,395	40,855	54,250	197,616
Payroll taxes	52,537	5,032	15,183	20,215	72,752
Consultants and professional fees	122,344	234,325	25,798	260,123	382,467
Advertising, promotion and public relations	69,882	3,381	10,171	13,552	83,434
Grant expense	637,517	-	-	-	637,517
Honoraria	118,023	-	-	-	118,023
Office rent, utilities and storage expense	228,671	15,081	45,749	60,830	289,501
Computer equipment, repair and maintenance	9,549	894	2,726	3,620	13,169
Insurance	14,269	1,335	4,070	5,405	19,674
Office expenses	66,279	908	2,737	3,645	69,924
Equipment rental and maintenance	10,851	34	108	142	10,993
Meetings, travel and hospitality	121,538	3,139	9,537	12,676	134,214
Program production and event expense	265,291	43,951	35,005	78,956	344,247
Indirect benefit expenses	-	-	29,698	29,698	29,698
Donated services and materials	31,250	10,251	39,905	50,156	81,406
Other expenses	1,663	10,271	830	11,101	12,764
Total expenses before depreciation	2,862,524	433,130	539,586	972,716	3,835,240
Depreciation	38,440	3,641	11,040	14,681	53,121
Total Expenses	<u>\$2,900,964</u>	<u>\$ 436,771</u>	<u>\$ 550,626</u>	<u>\$987,397</u>	<u>\$3,888,361</u>
Percentages to Total	<u>75%</u>	<u>11%</u>	<u>14%</u>	<u>25%</u>	<u>100%</u>

\* Contribution revenue for the fifteen month period ended December 31, 2019 totaled \$2,802,764: for every dollar spent on fundraising, \$5.09 in contribution revenue was raised.

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020 AND  
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

	<b>Year Ended December 31, 2020</b>	<b>Fifteen Months Ended December 31, 2019</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 714,517	\$ 467,009
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	33,877	53,121
Deferred rent	(33,190)	(28,266)
Realized gain on investments	(62,394)	(261,654)
Unrealized (gain) loss on investments	(407,476)	44,671
Equity net income in TAP	-	(651,245)
(Increase) decrease in:		
Accounts receivable	29,343	16,595
Unconditional promises to give	(597,880)	263,250
Prepaid expenses and other current assets	42,137	(105,094)
Decrease in accounts payable and accrued expenses	(106,410)	(115,706)
Net Cash Used By Operating Activities	<u>(387,476)</u>	<u>(317,319)</u>
<b>Cash Flows From Investing Activities</b>		
Distributions from TAP	251,245	575,316
Proceeds from sale of investments	1,136,000	1,873,654
Purchase of investments	(1,324,061)	(2,813,171)
Net Cash Provided (Used) By Investing Activities	<u>63,184</u>	<u>(364,201)</u>
<b>Cash Flows From Financing Activities</b>		
Repayments under line of credit	-	(250,000)
Proceeds from loan payable - Paycheck Protection Program	172,902	-
Return of loan payable - Paycheck Protection Program	(172,902)	-
Net Cash Used By Financing Activities	<u>-</u>	<u>(250,000)</u>
Net decrease in cash and cash equivalents	(324,292)	(931,520)
Cash and cash equivalents, beginning of year	<u>1,887,086</u>	<u>2,818,606</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,562,794</u>	<u>\$ 1,887,086</u>

See notes to financial statements.



**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

American Theatre Wing, Inc. (the "Organization"), a New York State corporation, is engaged in the furtherance of excellence in the theatre arts through media initiatives promoting the understanding of how theatre is made, educational programs for aspiring and early career theatre professionals and granting awards for excellence in theatre.

The Organization is the founder of the Antoinette Perry Awards ("TONY Awards") for the distinguished achievement in Broadway theatre and is the registered owner of the service mark "TONY" Awards.

The Organization has entered into a partnership with the Village Voice to co-present The Obie Awards, Off-Broadway's highest honor (Note 10b).

Effective October 1, 2019, the Organization changed its year end to December 31 from September 30.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments, purchased with a maturity of three months or less, such as money market funds and short-term deposits, to be cash equivalents, except for amounts being managed within the investment portfolio.

c - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Accounting principles generally accepted in the United States establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

c - Fair Value Measurements (continued)

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

d - Investments

The Organization reflects investments in marketable securities at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

The Organization's investment in Tony Awards Productions ("TAP") is shared equally under a joint venture agreement and is recorded at cost, as the investment is nontransferable and is not subject to current market valuation. Annually, the Organization reflects its joint venture share of the net income or loss (Note 6).

e - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are 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.

The Organization uses the allowance method to determine uncollectible promises to give. The determination of whether an allowance is necessary is based on prior years' experience and management's analysis of specific promises made.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

- e - Contributions and Promises to Give (continued)  
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.
- f - 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 \$2,000. Lesser amounts are expensed. Furniture and equipment are being depreciated over the useful life of the related asset using the straight-line method and a monthly convention in the year of acquisition and disposition. Leasehold improvements are amortized using the straight-line method over the term of the respective lease.
- g - Grants  
Grants are recorded as expenses in the period the Board approves and recipients accept the award, and are generally payable within one year.
- h - Deferred Rent  
Accounting principles generally accepted in the United States require the Organization to amortize the aggregate of the total minimum lease payments (net of expected shortfall provision payments) on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its leases is recorded as deferred rent in the statements of financial position.
- i - Revenue Recognition  
The Organization has revenue streams that are accounted for as exchange transactions, including program income and book sales. Program income is recognized at the point or over the period of time during which the program takes place. Revenue from book sales is presented net of returns and is recognized upon distribution to the customer. All of the Organization's revenue from contracts with customers is for a distinct performance obligation with a duration of less than one year and does not consist of multiple transactions.
- j - Financial Statement Presentation  
The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, which require the Organization 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 the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - Financial Statement Presentation

Net Assets With Donor Restrictions

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

k - Estimates

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

l - 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 the Organization's expenses are directly related to program activities. Expenses that are allocated include salaries and employee benefits, which are allocated on the basis of estimates of employee time and effort. In addition, other expenses, including office rent, utilities, office supplies, technology related expenses, insurance and depreciation, are also allocated based on employee time and effort.

m - Tax Status

American Theatre Wing, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

The Organization reports its share of any income or loss from the joint venture operations as part of its activities (Note 6).

n - Subsequent Events

The Organization has evaluated subsequent events through June 14, 2021, the date that the financial statements are considered available to be issued.

o - Prior Year Information

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

p - New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statements 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. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of the annual revenue is generated through the Tony Awards and the annual gala in addition to contribution revenue raised during the fiscal year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities and also expenses related to general and administrative and fundraising activities which support the programs.

The Organization regularly monitors liquidity to meet operating needs and other commitments and obligations. Management prepares regular cash flow projections to determine liquidity needs and has an objective of maintaining liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenses.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31 available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,562,794	\$ 1,887,086
Accounts receivable	16,641	45,984
Unconditional promises to give	664,500	66,620
Investment in TAP	16,134	267,379
Investments	<u>10,892,230</u>	<u>10,234,299</u>
 Total Financial Assets	 13,152,299	 12,501,368
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	(1,811,883)	(1,128,156)
Plus: Net assets with restrictions to be met in less than a year	1,152,274	653,916
Board designated net assets	(10,376,899)	(10,297,512)
Plus: Amounts appropriated for use within one year	<u>370,000</u>	<u>444,920</u>
 Financial Assets Available to Meet General Expenditures within One Year	 <u>\$ 2,485,791</u>	 <u>\$ 2,174,536</u>

In addition to these financial assets available within one year, the Organization maintains board designated net assets for specific purposes. However, the balance of these funds in excess of amounts already appropriated for use during one year could be made available at any time to meet cash needs for general expenditures at the discretion of the Board. The Organization also has a \$1.3 million line of credit as more fully described in Note 9, which can be used for unanticipated liquidity needs.

**AMERICAN THEATRE WING, INC.**  
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**Note 3 - Restrictions and Designations on Net Assets**

- a - Net Assets Without Donor Restrictions - Board Designated Net Assets  
Board Designated net assets consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Program Development Fund	\$ 7,535,992	\$ 7,582,018
Jonathan Larson Grant Fund	734,331	666,983
Andrew Lloyd Webber Initiative Fund	1,103,276	1,045,211
Cash reserve	1,000,000	1,000,000
Other reserves	<u>3,300</u>	<u>3,300</u>
	<u>\$10,376,899</u>	<u>\$10,297,512</u>

The Organization maintains the Program Development Fund to fund its program activities. The Organization's spending policy allows up to 5% of the 3-year rolling average value of the investment portfolio to be appropriated to operations annually. Amounts appropriated pursuant to this spending policy totaled \$587,903 in 2020. In addition, during the year ended December 31, 2020 and the fifteen months ended December 31, 2019, transfers were approved to add operating surpluses to the Program Development Fund.

During the year ended September 30, 2014, the Board approved a transfer to establish a Board Designated fund held for the same purpose as the donor-restricted Jonathan Larson Grant Fund described in Note 3b. These funds are invested together, and net investment earnings are allocated between the Board Designated and donor restricted portions. For the year ended December 31, 2020 and the fifteen months ended December 31, 2019, net investment income of \$67,348 (2020) and \$73,689 (2019) increased the balance of this Board Designated fund.

During the year ended September 30, 2018, the Board established a Board Designated fund to be held for the same purpose as the donor-restricted Andrew Lloyd Webber Initiative, to ensure its future stability and enhancement, with \$1,003,400 raised through a matching grant of \$500,000. Beginning with the year ending December 31, 2021, the Organization intends to draw from the fund annually at a rate of 5% of the value of the fund, to support this program.

The cash reserve fund is held to be available for working capital as necessary.

In addition, a separate fund was established in fiscal year 2011 in memory of a long time board member, to be used towards specific programs at the discretion of the chairman of the Board. The balance of this fund as of December 31, 2020 and 2019 was \$3,300.

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**Note 3 - Restrictions and Designations on Net Assets (continued)**

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Andrew Lloyd Webber Initiative	\$ 1,034,640	\$ 588,916
Jonathan Larson Grant Fund	509,791	524,240
Future programs	<u>267,452</u>	<u>15,000</u>
	<u>\$1,811,883</u>	<u>\$1,128,156</u>

The Jonathan Larson Grant Fund (the "Fund") was created by the Larson Foundation and certain of its officers (collectively, the "Foundation") to continue the Foundation's mission of annual grants to writers, composers, and lyricists in musical theater to improve or enhance the grantees' literary, artistic, musical or similar capacity, skill and talent. The minimum funding required to establish the Fund was \$750,000, and was fully funded during fiscal year 2012. The Fund is invested together with the Board Designated Jonathan Larson Grant Fund assets (Note 3a), and allocated net investment earnings are restricted to the purpose of the Fund.

For the year ended December 31, 2020 and the fifteen months ended December 31, 2019, new contributions to the Fund totaled \$1,404 (2020) and \$112,100 (2019), and net investment income of \$34,147 (2020) and \$37,853 (2019) increased the balance of the Fund. Expenses covered by the Fund totaled \$50,000 (2020) and \$116,654 (2019).

**Note 4 - Concentration of Credit Risk**

The Organization maintains its cash and money market balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution.

Certain investment accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 per customer. The SIPC does not protect investors from market risk. Investment accounts are held with Morgan Stanley and are covered under an additional protection program. This coverage is subject to a firm wide cap of \$1 billion with no per-client limit for securities and a \$1.9 million per client limit for the cash portion of any remaining shortfall.



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**Note 5 - Unconditional Promises to Give**

All unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

**Note 6 - Investment in TAP**

In 1986, the Organization entered into a joint venture agreement with The Broadway League, Inc. (the "League", a not-for-profit trade association) creating Tony Award Productions ("TAP") to administer, produce and present the American Theatre Wing TONY Awards (the "TONY Awards"). The joint venture agreement has been extended, and the term of the current extension is through 2026. The Organization and the League share income or losses from the joint venture.

**Note 7 - Investments**

Investments consist of the following as of December 31:

	<b>2020</b>			
	<u>Cost</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds and cash held for investment	\$1,397,022	\$ 1,397,022	\$1,397,022	\$ -
Mutual funds				
Equities	5,257,046	5,734,933	5,734,933	-
Fixed income	521,798	485,299	485,299	-
Exchange traded funds and closed end funds				
Equities	1,115,262	1,937,605	1,937,605	-
Corporate bonds	<u>1,205,313</u>	<u>1,337,371</u>	<u>-</u>	<u>1,337,371</u>
	<u>\$9,496,441</u>	<u>\$10,892,230</u>	<u>\$9,554,859</u>	<u>\$1,337,371</u>

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**Note 7 - Investments (continued)**

	<b>2019</b>			
	<b>Cost</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Money market funds and cash held for investment	\$1,618,731	\$ 1,618,731	\$1,618,731	\$ -
Mutual funds				
Equities	4,778,869	5,054,374	5,054,374	-
Fixed income	522,053	497,356	497,356	-
Exchange traded funds and closed end funds				
Equities	1,206,116	1,882,511	1,882,511	-
Corporate bonds	<u>1,120,217</u>	<u>1,181,327</u>	<u>-</u>	<u>1,181,327</u>
	<u>\$9,245,986</u>	<u>\$10,234,299</u>	<u>\$9,052,972</u>	<u>\$1,181,327</u>

Investment income consists of the following for the year ended December 31, 2020 and the fifteen months ended December 31, 2019:

	<b>2020</b>	<b>2019</b>
Interest and dividend income	\$228,850	\$536,492
Realized gains	62,394	261,654
Unrealized gains (losses)	407,476	(44,671)
Investment fees	<u>(45,821)</u>	<u>(56,545)</u>
Net Investment Income	<u>\$652,899</u>	<u>\$696,930</u>

**Note 8 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<b>Life</b>	<b>2020</b>	<b>2019</b>
Leasehold improvements	Life of lease	\$341,743	\$341,743
Website	3 years	145,000	145,000
Furniture and fixtures	5 years	92,303	92,303
Software and computers	3 years	<u>61,923</u>	<u>61,923</u>
		640,969	640,969
Less: Accumulated depreciation		<u>(508,672)</u>	<u>(474,795)</u>
		<u>\$132,297</u>	<u>\$166,174</u>

**AMERICAN THEATRE WING, INC.**  
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**Note 9 - Line of Credit**

The Organization has a \$1.3 million line of credit from Morgan Stanley, collateralized by a portion of its investment portfolio. Borrowings bear interest at a variable rate, 3.15% as of December 31, 2020. There were no borrowings outstanding at December 31, 2020 or 2019.

**Note 10 - Commitments and Contingencies**

a - As stated in Note 6, the Organization is a member of TAP, a joint venture for which it is jointly and severally liable. Certain obligations of TAP in any given year are subject to the existence of a contract with a television network for the broadcast of the TONY Awards for such year. The current television network agreement expires after the 2026 production of the TONY Awards. The television network has first negotiation and first refusal rights with respect to additional productions beyond 2026. The 2020 TONY Awards Production was rescheduled to September 2021. TAP received approximately 47% of the total revenue from the television network in 2019.

b - In July 2014, the Organization entered into an agreement with the Village Voice (the "Voice") for the Organization to be responsible for planning, operating, and otherwise managing the annual Obie Awards (beginning with the 2015 Obie Awards). The agreement currently expires in 2025 with the option to extend for an additional ten years.

Any surplus funds from the management of the Obie Awards are to be re-invested by the Organization into the Obie Awards and related activities, except for an administrative fee that is to be paid to the Organization for its management of each year's Obie Awards.

c - The Organization leases office space under a non-cancelable operating lease which expires on December 31, 2024. The lease agreement provides for annual flat rent escalations, as well as proportionate share of real estate taxes, maintenance on common areas, utilities and any other costs commonly passed through to tenants. Additionally, under the terms of the agreement, the landlord reimbursed \$206,780 of leasehold improvement costs incurred by the Organization which is recorded as deferred rent in the statements of financial position and is being amortized on the straight-line basis over the term of the lease. The lease provides for approximate future minimum annual rental payments as follows:

<b><u>Year Ending December 31,</u></b>	
2021	\$168,615
2022	172,193
2023	175,852
2024	179,592

**AMERICAN THEATRE WING, INC.**  
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**Note 10 - Commitments and Contingencies (continued)**

c - (continued)

Rent expense for the year ended December 31, 2020 and the fifteen months ended December 31, 2019 was \$134,787 and \$164,823, respectively.

d - The Organization is obligated under an agreement with an officer which provides for compensation of approximately \$350,000 for the year ending December 31, 2021.

e - The Organization has entered into a financial services agreement which extends through December 31, 2021. The future payments under this agreement are approximately \$93,600 for the year ending December 31, 2021.

**Note 11 - Donated Services and Materials**

The Organization receives donated services and materials in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements. Donated services and materials consist of the following for the year ended December 31, 2020 and the fifteen months ended December 31, 2019:

	<u>2020</u>	<u>2019</u>
Professional services	\$10,750	\$52,025
Travel and entertainment	-	18,380
Meeting space	-	8,416
Food and beverages	-	2,585
	<u>\$10,750</u>	<u>\$81,406</u>

**Note 12 - Concentrations**

During the year ended December 31, 2020, a foundation contribution in the amount of \$1,000,000 represented approximately 38% of total contributions.

Approximately 75% of unconditional promises to give as of December 31, 2020 were from the same foundation.

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**Note 13 - Employee Benefit Plan**

The Organization has a 403(b) retirement plan, which is not eligible for employer contributions. Employees may contribute through payroll deduction up to the annual limits as prescribed by law.

**Note 14 - Risks and Uncertainties**

The coronavirus pandemic (COVID-19) had a significant financial impact on the Organization.

TAP had to postpone the Tony Awards and the Gala was replaced with virtual Theater Artist Salons where the Organization arranged to have an artist attend a private Zoom meeting with donors (who made contributions of \$20,000 for the salon) and up to ten guests. The impact of cancelling the Tony Awards and Gala resulted in significantly lower income. Management reduced the Organization's operating expenses to help offset the income reductions. In addition, the Board approved drawing additional funds from the Program Development Fund to balance the operating budget. The Organization had saved \$2.6 million of Program Development Funds over the past ten years through prudent fiscal management and the savings can be used to cover future financial shortfalls.

The Organization was able to have its other programs and activities continue successfully online which has enabled the Organization to expand its reach. Rather than reaching 30 – 50 people per program, the Organization reached hundreds of people across the US and also internationally.

The Organization received a Paycheck Protection Program loan of \$172,902 in April 2020, which was subsequently returned in May 2020 as the Organization determined that the funds were not necessary to conduct the 2020 operations.

In March 2021, the Organization applied for and was approved for a second Paycheck Protection Program Loan of \$167,990 to cover personnel and rent expenses.

Management continues to examine the potential impact that COVID-19 may have on its operations and may take further actions, if needed, to offset any future reductions in income.