AMERICAN THEATRE WING, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

LUTZ AND CARR
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Theatre Wing, Inc. as of December 31, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Theatre Wing, Inc. 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 American Theatre Wing, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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 auditors' 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 American Theatre Wing, 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 American Theatre Wing, 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.

Lutz + Carr, LLP

New York, New York
July 20, 2023

AMERICAN THEATRE WING, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Assets						
Cash and cash equivalents (Notes 1b and 4)	$ 1,032,212	$ 698,329	$ 1,730,541	$ 872,347	$ 896,934	$ 1,769,281
Accounts receivable	4,302	-	4,302	2,482	-	2,482
Unconditional promises to give (Notes 1e and 5)	123,101	154,656	277,757	287,205	125,707	412,912
Prepaid expenses and other current assets	111,049	-	111,049	140,597	-	140,597
Investment in TAP (Notes 1d and 6)	16,134	-	16,134	16,134	-	16,134
Investments (Notes 1c, 1d, 4, 7 and 8)	9,506,940	811,402	10,318,342	11,626,158	783,139	12,409,297
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 9)	71,461	-	71,461	108,400	-	108,400
Operating lease right-of-use asset (Note 1h)	232,776	-	232,776	-	-	-
Security deposit	68,311	-	68,311	68,311	-	68,311
Total Assets	$11,166,286	$ 1,664,387	$12,830,673	$13,121,634	$ 1,805,780	$14,927,414
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	$ 361,899	$ -	$ 361,899	$ 403,599	$ -	$ 403,599
Line of credit payable (Note 11)	-	-	-	496,786	-	496,786
Operating lease liability (Notes 1h and 10)	324,373	-	324,373	-	-	-
Deferred rent (Note 1h)	-	-	-	131,867	-	131,867
Deferred revenue (Note 1i)	2,861	-	2,861	-	-	-
Total Liabilities	689,133	-	689,133	1,032,252	-	1,032,252
Commitments (Note 13)						
Net Assets						
Without Donor Restrictions						
Operating	962,108	-	962,108	966,530	-	966,530
Board-designated (Note 3a)	9,515,045	-	9,515,045	11,122,852	-	11,122,852
Total Without Donor Restrictions	10,477,153	-	10,477,153	12,089,382	-	12,089,382
With Donor Restrictions (Note 3b)	-	1,664,387	1,664,387	-	1,805,780	1,805,780
Total Net Assets	10,477,153	1,664,387	12,141,540	12,089,382	1,805,780	13,895,162
Total Liabilities and Net Assets	$11,166,286	$ 1,664,387	$12,830,673	$13,121,634	$ 1,805,780	$14,927,414

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Without Donor Restrictions		With Donor Restrictions		Without Donor Restrictions		With Donor Restrictions	
	Operating	Board-Designated		Total	Operating	Board-Designated		Total
Changes in Net Assets								
Revenue (Loss) and Support								
Government	$ 158,099	$ -	$ 98,100	$ 256,199	$ 230,000	$ -	$ -	$ 230,000
Federal Paycheck Protection Program (Note 12)	-	-	-	-	167,990	-	-	167,990
Foundations	90,000	-	44,989	134,989	92,783	-	158,209	250,992
Corporations	30,542	-	-	30,542	127,091	-	160,000	287,091
Individuals	393,804	-	244,950	638,754	452,640	-	162,379	615,019
Endowment (Notes 3b and 8)	-	-	250,000	250,000	-	-	201,707	201,707
Fundraising benefit	1,291,227	-	-	1,291,227	628,750	-	-	628,750
Less: Direct benefit expenses	(313,759)	-	-	(313,759)	-	-	-	-
Spending policy (Note 3a)	464,881	(464,881)	-	-	370,000	(370,000)	-	-
Net investment income (loss) (Note 7)	243	(1,208,201)	(82,967)	(1,290,925)	5	1,034,184	63,410	1,097,599
Program income (Note 1i)	45,000	-	-	45,000	-	-	-	-
Net book sales (Note 1i)	2,481	-	-	2,481	2,355	-	-	2,355
Other income	4,914	-	-	4,914	688	-	-	688
	2,167,432	(1,673,082)	555,072	1,049,422	2,072,302	664,184	745,705	3,482,191
Net assets released from restrictions								
Satisfaction of time and program restrictions	696,465	-	(696,465)	-	751,808	-	(751,808)	-
Total Revenue (Loss) and Support	2,863,897	(1,673,082)	(141,393)	1,049,422	2,824,110	664,184	(6,103)	3,482,191
Expenses								
Program Services	2,110,612	-	-	2,110,612	2,012,366	-	-	2,012,366
Supporting Services								
Management and general	469,602	-	-	469,602	452,133	-	-	452,133
Fundraising	222,830	-	-	222,830	308,840	-	-	308,840
Total Supporting Services	692,432	-	-	692,432	760,973	-	-	760,973
Total Expenses	2,803,044	-	-	2,803,044	2,773,339	-	-	2,773,339
Increase (decrease) in net assets	60,853	(1,673,082)	(141,393)	(1,753,622)	50,771	664,184	(6,103)	708,852
Transfer (Note 3a)	(65,275)	65,275	-	-	(81,769)	81,769	-	-
Net assets, beginning of year	966,530	11,122,852	1,805,780	13,895,162	997,528	10,376,899	1,811,883	13,186,310
Net Assets, End of Year	$ 962,108	$ 9,515,045	$ 1,664,387	$12,141,540	$ 966,530	$11,122,852	$ 1,805,780	$13,895,162

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022					2021
		Supporting Services				
	Programs Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	$ 793,649	$ 96,725	$ 128,362	$ 225,087	$1,018,736	$ 957,986
Employee benefits	122,217	14,896	19,767	34,663	156,880	197,150
Payroll taxes	53,596	6,531	8,668	15,199	68,795	62,923
Consultants and professional fees	27,414	280,645	14,000	294,645	322,059	325,465
Costs of special publication	2,075	-	-	-	2,075	2,005
Advertising, promotion and public relations	17,842	-	878	878	18,720	21,486
Grant expense	619,535	-	-	-	619,535	602,873
Honoraria	20,950	25	-	25	20,975	154,389
Office rent, utilities and storage expense	134,121	15,515	22,354	37,869	171,990	179,463
Computer equipment, repair and maintenance	-	5,699	-	5,699	5,699	5,603
Insurance	23,224	2,832	3,756	6,588	29,812	28,202
Office expenses	49,448	9,458	362	9,820	59,268	31,603
Meetings, travel and hospitality	67,361	16,767	515	17,282	84,643	35,560
Program production and event expense	150,403	16,875	5,591	22,466	172,869	101,923
Indirect benefit expenses	-	-	13,923	13,923	13,923	1,563
Bad debt expense	-	126	-	126	126	29,416
Other expenses	-	-	-	-	-	240
Total expenses before depreciation	2,081,835	466,094	218,176	684,270	2,766,105	2,737,850
Depreciation	28,777	3,508	4,654	8,162	36,939	35,489
Total Expenses, 2022	$2,110,612	$ 469,602	$ 222,830	$ 692,432	$2,803,044	
Percentages to Total, 2022	75%	17%	8%	25%	100%	
Total Expenses, 2021	$2,012,366	$ 452,133	$ 308,840	$ 760,973		$2,773,339
Percentages to Total, 2021	73%	16%	11%	27%		100%

* Contribution revenue for the year ended December 31, 2022 totaled $2,287,952: for every dollar spent on fundraising, $10.27 in contribution revenue was raised.

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

		Supporting Services			
	Programs Services	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 711,478	$ 75,484	$ 171,024	$246,508	$ 957,986
Employee benefits	146,424	15,529	35,197	50,726	197,150
Payroll taxes	46,732	4,958	11,233	16,191	62,923
Consultants and professional fees	55,524	249,290	20,651	269,941	325,465
Costs of special publication	2,005	-	-	-	2,005
Advertising, promotion and public relations	17,271	281	3,934	4,215	21,486
Grant expense	602,873	-	-	-	602,873
Honoraria	154,389	-	-	-	154,389
Office rent, utilities and storage expense	131,867	11,428	36,168	47,596	179,463
Computer equipment, repair and maintenance	3,746	765	1,092	1,857	5,603
Insurance	20,945	2,222	5,035	7,257	28,202
Office expenses	19,874	10,388	1,341	11,729	31,603
Meetings, travel and hospitality	10,844	20,638	4,078	24,716	35,560
Program production and event expense	61,859	28,919	11,145	40,064	101,923
Indirect benefit expenses	-	-	1,563	1,563	1,563
Bad debt expense	-	29,416	-	29,416	29,416
Other expenses	178	19	43	62	240
Total expenses before depreciation	1,986,009	449,337	302,504	751,841	2,737,850
Depreciation	26,357	2,796	6,336	9,132	35,489
Total Expenses	$2,012,366	$ 452,133	$ 308,840	$760,973	$2,773,339
Percentages to Total	73%	16% %	11%	27%	100%

* Contribution revenue for the year ended December 31, 2021 totaled $2,381,549: for every dollar spent on fundraising, $7.71 in contribution revenue was raised.

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$(1,753,622)	$ 708,852
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Non-cash operating lease expense	117,251	-
Bad debt expense	126	29,416
Depreciation	36,939	35,489
Realized gain on investments	(47,639)	(33,631)
Unrealized (gain) loss on investments	1,701,467	(650,816)
Endowment contributions	(250,000)	(201,707)
(Increase) decrease in:		
Accounts receivable	(1,820)	14,159
Unconditional promises to give	135,029	222,172
Prepaid expenses and other current assets	29,548	(447)
Increase (decrease) in:		
Accounts payable and accrued expenses	(41,700)	265,408
Operating lease liability	(157,521)	-
Deferred rent	-	(36,689)
Deferred revenue	2,861	-
Net Cash Provided (Used) By Operating Activities	(229,081)	352,206
Cash Flows From Investing Activities		
Proceeds from sale of investments	1,690,075	657,138
Purchase of investments	(1,252,948)	(1,489,758)
Purchase of property and equipment	-	(11,592)
Net Cash Provided (Used) By Investing Activities	437,127	(844,212)
Cash Flows From Financing Activities		
Borrowings under line of credit	115	616,120
Repayments under line of credit	(496,901)	(119,334)
Endowment contributions received	250,000	201,707
Net Cash Provided (Used) By Financing Activities	(246,786)	698,493
Net increase (decrease) in cash and cash equivalents	(38,740)	206,487
Cash and cash equivalents, beginning of year	1,769,281	1,562,794
Cash and Cash Equivalents, End of Year	$ 1,730,541	$ 1,769,281

	2022	2021
Supplemental Disclosure and Cash Flow Information:		
Interest paid	$ 1,193	$ 3,153
Operating lease right-of-use asset obtained in exchange for lease liability	$ 350,027	$ -

See notes to financial statements.

AMERICAN THEATRE WING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 is also the registered owner of the service mark "OBIE Awards" which recognizes excellence on and off Broadway.

The coronavirus pandemic (COVID-19) had a significant financial impact on the Organization in 2020 and 2021. In 2022, the Organization saw more of a return to normal with the exception of the Tony Awards which like 2021 did not produce a profit. In 2021, the driver was a smaller venue. In 2022, the driver was the slow return to theatre going impacting ticket sales. On a positive note, the Organization 2022 Gala returned to an in-person event and delivered strong attendance and profit. In 2023, the Organization is anticipating an uptick in Tony's ticket revenue and attendance and continued recovery to pre-pandemic levels and activities.

Throughout COVID-19 the Organization as monitored and adjusted to changing circumstances. Initially, it 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 could be used to cover future financial shortfalls. The Organization also received a Paycheck Protection Program loan of $167,990 in March of 2021 to help cover personnel and rent expenses.

Management continues to monitor and assess the impact of COVID-19 on its operations, but is seeing ongoing progress to a full recovery.

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.

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

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.

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.

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

d - Investments (continued)
The Organization's alternative investments, consisting of an investment fund, which does not have a readily determinable fair value, is reported in the financial statements based upon the underlying net asset value per share or its equivalent as a practical expedient, and is not required to be classified within the fair value hierarchy. The Organization reviews and evaluates the value provided by the fund managers and agrees with the valuation methods and assumptions used in determining the net asset value of this investment. The estimated fair value may differ significantly from the values that would have been used had a ready market for this security existed.

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.

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.

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

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 - Leases

For leases with an initial term greater than twelve months, the Organizations' operating lease liability is initially recorded at the present value of the unpaid lease payments as of January 1, 2022. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, prepayments and lease incentives, if any. Lease cost is recognized on a straight-line basis over the lease term.

For 2021, rent expense is recorded on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

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. Deferred revenues are recorded for income that has been received but not yet earned. 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, 2022 AND 2021

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

j - Financial Statement Presentation (continued)

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 July 20, 2023, the date that the financial statements are considered available to be issued.

o - Prior Year Information
For comparability, certain 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2022.

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

p - New Accounting Standard

During 2022, the Organization adopted ASU 2016-02, *Leases (“Topic 842”)*. The core principles of ASU 2016-02 (the “ASU”) change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2022 are presented under Topic 842, while results for 2021 continue to be reported in accordance with historical accounting practices. The adoption of Topic 842 did not have a significant impact on the Organization’s net assets as of January 1, 2022.

As part of the adoption of the ASU, the Organization elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements, to use a risk-free rate, equal to the five-year Treasury Bill rate for the discount of the operating lease and to apply the practical expedients which allows the Organization to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

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, 2022 AND 2021

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:

	2022	2021
Financial Assets at Year End:		
Cash and cash equivalents	$ 1,730,541	$ 1,769,281
Accounts receivable	4,302	2,482
Unconditional promises to give	277,757	412,912
Investment in TAP	16,134	16,134
Investments	10,318,342	12,409,297
Total Financial Assets	12,347,076	14,610,106
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	(1,237,405)	(1,592,377)
Plus: Net assets with restrictions to be met in less than a year	502,001	940,718
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(426,982)	(213,403)
Plus: Amounts appropriated for use within one year	20,000	15,000
Board designated net assets	(9,515,045)	(11,122,852)
Plus: Amounts appropriated for use within one year	812,168	464,881
Financial Assets Available to Meet General Expenditures within One Year	$ 2,501,813	$ 3,102,073

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 11, which can be used for unanticipated liquidity needs.

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:

	2022	2021
Program Development Fund	$6,470,690	$ 7,878,770
Jonathan Larson Grant Fund	738,504	828,424
Andrew Lloyd Webber Initiative Fund	1,302,551	1,412,358
Cash reserve	1,000,000	1,000,000
Other reserves	3,300	3,300
	$9,515,045	$11,122,852

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 $464,881 in 2022. In addition, during the years ended December 31, 2022 and 2021, 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 years ended December 31, 2022 and 2021, net investment income (losses) of $(89,920) (2022) and $94,093 (2021) changed 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. For the years ended December 31, 2022 and 2021, net investment income (losses) of $(109,807) and $309,082, respectively, changed the balance of this Board Designated fund.

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, 2022 and 2021 was $3,300.

AMERICAN THEATRE WING, INC.

NOTES TO FINANCIAL STATEMENTS

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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:

	2022	2021
Operating:		
Andrew Lloyd Webber Initiative	$ 464,833	$ 754,433
Jonathan Larson Grant Fund	347,916	469,737
Future programs and periods	424,656	368,207
	1,237,405	1,592,377
Endowments:		
Accumulated investment income above (below) original gift amount	(24,725)	11,696
Investment in perpetuity	451,707	201,707
Total Endowments	426,982	213,403
	$1,664,387	$1,805,780

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 years ended December 31, 2022 and 2021, new contributions to the Fund totaled $550 (2022) and $1,685 (2021), and net investment income (losses) of $(56,546) (2022) and $41,714 (2021) further changed the balance of the fund. Expenses covered by the Fund totaled $65,825 (2022) and $83,453 (2021).

During 2021, the Organization received a $201,707 contribution to establish an endowment for a career advancement fellowship. During 2022, the Organization received a $250,000 contribution to establish an additional endowment for a different career advancement fellowship.

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.

Note 4 - Concentration of Credit Risk (continued)

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.

Note 5 - Unconditional Promises to Give

Unconditional promises to give at December 31 are due as follows:

	2022	2021
Due in one year	$221,201	$347,205
Due in one to five years	60,000	70,000
	281,201	417,205
Discount to present value	(3,444)	(4,293)
	$277,757	$412,912

Unconditional promises to give due after one year are discounted to net present value using a rate of 3%. Uncollectible promises to give 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.

AMERICAN THEATRE WING, INC.

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Note 7 - Investments

Investments consist of the following as of December 31:

	2022				
	Cost	Fair Value	Level 1	Level 2	Measured at Net Asset Value
Money market funds and cash held for investment	$ 645,525	$ 645,525	$ 645,525	$ -	$ -
Mutual funds					
Equities	6,352,805	6,102,670	6,102,670	-	-
Fixed income	446,015	431,757	431,757	-	-
Exchange traded funds and closed end funds					
Equities	985,098	1,703,212	1,703,212	-	-
Corporate bonds	1,234,290	1,099,587	-	1,099,587	-
Investment fund - real estate income trust	309,471	335,591	-	-	335,591
	$9,973,204	$10,318,342	$8,883,164	$1,099,587	$335,591

	2021			
	Cost	Fair Value	Level 1	Level 2
Money market funds and cash held for investment	$ 947,963	$ 947,963	$ 947,963	$ -
Investment cash in transit	307,000	307,000	307,000	-
Mutual funds				
Equities	6,148,732	6,839,872	6,839,872	-
Fixed income	536,237	505,298	505,298	-
Exchange traded funds and closed end funds				
Equities	1,211,785	2,538,818	2,538,818	-
Corporate bonds	1,210,975	1,270,346	-	1,270,346
	$10,362,692	$12,409,297	$11,138,951	$1,270,346

	2022	2021
Interest and dividend income	$ 413,385	$ 475,911
Realized gains	47,639	33,631
Unrealized gains (losses)	(1,701,467)	650,816
Investment fees	(50,482)	(62,759)
Net Investment Income (Loss)	$(1,290,925)	$1,097,599

Note 7 - Investments (continued)

The investment fund in the Organization's investment portfolio using the net asset value is redeemable subject to repurchase by the fund on a monthly basis, only at the fund manager's discretion.

The real estate income trust invests primarily in real estate, with over 1,400 properties in this fund. The goal is to achieve an investment return rate of approximately 4% as well as capital appreciation.

Note 8 - Endowment Funds

The Organization's endowments consist of the donor-restricted endowment funds described in Note 3b. Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Organization classifies as net assets for investment in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment with donor restrictions that is not for investment in perpetuity is classified as endowment subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization.
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

AMERICAN THEATRE WING, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 8 - Endowment Funds (continued)

The Organization's invested endowment funds, all of which are donor-restricted as of December 31 are summarized as follows:

	With Donor Restrictions		
	Investment Income (Loss) Above (Below) Original Gift Amount	Investment in Perpetuity	Total
Donor-restricted endowment funds, 2022	$(24,725)	$451,707	$426,982
Donor-restricted endowment funds, 2021	$ 11,696	$201,707	$213,403

Changes in endowment funds for the year ended December 31 are summarized as follows:

	2022		
	With Donor Restrictions		
	Investment Income (Loss) Above (Below) Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	$ 11,696	$201,707	$213,403
Contributions received	-	250,000	250,000
Net investment loss	(26,421)	-	(26,421)
Appropriations	(10,000)	-	(10,000)
Endowment Funds, End of Year	$(24,725)	$451,707	$426,982

	2021		
	With Donor Restrictions		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	$ -	$ -	$ -
Contributions received	-	201,707	201,707
Net investment income	21,696	-	21,696
Appropriations	(10,000)	-	(10,000)
Endowment Funds, End of Year	$11,696	$201,707	$213,403

Note 8 - Endowment Funds (continued)

The fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be retained as a fund of perpetual duration. As of December 31, 2022, one fund with a combined original gift value of $201,707, had a fair value of $176,864 and was reported as net assets with donor restrictions. As of December 31, 2021, there were no such deficiencies.

The Organization is in the process of formulating an investment policy for the endowments.

Note 9 - Property and Equipment

Property and equipment consist of the following at December 31:

	Life	2022	2021
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	73,515	73,515
		652,561	652,561
Less: Accumulated depreciation		(581,100)	(544,161)
		$ 71,461	$108,400

Note 10 - Lease Liability

The Organization occupies office space under a lease agreement expiring December 2024.

Operating lease costs for the year ended December 31, 2022 totaled $122,374. There were no variable lease costs incurred. As of December 31, 2022, the remaining term of the Organization's operating lease is twenty-four months, and the discount rate is 3.15%.

Maturities of the Organization's lease liability as of December 31, 2022 are as follows:

Year Ending December 31,	
2023	$166,302
2024	170,044
	336,346
Less: Amount attributable to interest	(11,973)
	$324,373

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Note 11 - 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, 6.14% as of December 31, 2022. There were no borrowings outstanding at December 31, 2022. Borrowings outstanding at December 31, 2021 were $496,786, including accrued interest of $1,079. Interest expense totaled $4,232 in 2021.

Note 12 - Paycheck Protection Program

During 2021, the Organization received a loan totaling $167,990 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if the Organization met certain employee retention requirements and the funds are used for eligible expenses. Because management expected to meet the requirements for forgiveness of the entire loan amount, the loan was recorded as a conditional grant and recognized as revenue for 2021 since eligible expenses totaling $167,990 were paid with the proceeds of the loan. The loan was forgiven in March 2022.

Note 13 - Commitments

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. The 2022 TONY Awards Production took place live and in person in June of 2022.

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.

AMERICAN THEATRE WING, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 13 - Commitments (continued)

c - The Organization is obligated under an agreement with an officer which provides for minimum annual payments of $390,000, with annual increases of approximately $20,000, through the year ending December 31, 2025.

Note 14 - 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.