

**AMERICAN THEATRE WING, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**



## 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, 2023 and 2022, 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, 2023 and 2022, 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.

### Emphasis of Matter

As discussed in Note 14 to the financial statements., net assets as of January 1, 2023 have been restated to correct an overstatement of 2022 expenses. Our opinion is not modified with respect to this matter.

### 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

### **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.

*Lotz + Carr, LLP*

## AMERICAN THEATRE WING, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023			2022		
	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)	\$ 1,001,433	\$ 447,075	\$ 1,448,508	\$ 1,122,033	\$ 698,329	\$ 1,820,362
Accounts receivable	12,095	-	12,095	4,302	-	4,302
Unconditional promises to give (Notes 1e and 5)	278,200	449,500	727,700	123,101	154,656	277,757
Prepaid expenses and other current assets	104,193	-	104,193	111,049	-	111,049
Investment in TAP (Notes 1d and 6)	85,879	-	85,879	16,134	-	16,134
Investments (Notes 1c, 1d, 4, 7 and 8)	10,611,095	797,570	11,408,665	9,506,940	811,402	10,318,342
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 9)	34,523	-	34,523	71,461	-	71,461
Operating lease right-of-use asset (Note 1h)	121,907	-	121,907	232,776	-	232,776
Security deposit	68,311	-	68,311	68,311	-	68,311
<b>Total Assets</b>	<b>\$ 12,317,636</b>	<b>\$ 1,694,145</b>	<b>\$ 14,011,781</b>	<b>\$ 11,256,107</b>	<b>\$ 1,664,387</b>	<b>\$ 12,920,494</b>
<b>Liabilities and Net Assets</b>						
Liabilities						
Accounts payable and accrued expenses	\$ 422,748	\$ -	\$ 422,748	\$ 361,899	\$ -	\$ 361,899
Operating lease liability (Notes 1h and 10)	171,481	-	171,481	324,373	-	324,373
Deferred revenue (Note 1i)	7,793	-	7,793	2,861	-	2,861
Total Liabilities	602,022	-	602,022	689,133	-	689,133
Commitments (Note 12)						
Net Assets						
Without Donor Restrictions						
Operating	1,170,226	-	1,170,226	1,051,929	-	1,051,929
Board-designated (Note 3a)	10,545,388	-	10,545,388	9,515,045	-	9,515,045
Total Without Donor Restrictions	11,715,614	-	11,715,614	10,566,974	-	10,566,974
With Donor Restrictions (Note 3b)	-	1,694,145	1,694,145	-	1,664,387	1,664,387
Total Net Assets	11,715,614	1,694,145	13,409,759	10,566,974	1,664,387	12,231,361
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,317,636</b>	<b>\$ 1,694,145</b>	<b>\$ 14,011,781</b>	<b>\$ 11,256,107</b>	<b>\$ 1,664,387</b>	<b>\$ 12,920,494</b>

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions		With	Total	Without Donor Restrictions		With	Total
	Operating	Board-Designated	Donor Restrictions		Operating	Board-Designated	Donor Restrictions	
<b>Changes in Net Assets</b>								
Revenue (Loss) and Support								
Government	\$ 40,000	\$ -	\$ 49,500	\$ 89,500	\$ 158,099	\$ -	\$ 98,100	\$ 256,199
Foundations	85,000	-	112,500	197,500	90,000	-	44,989	134,989
Corporations	17,859	268,777	-	286,636	30,542	-	-	30,542
Individuals	890,811	200,000	542,063	1,632,874	393,804	-	244,950	638,754
Endowment (Notes 3b and 8)	-	-	-	-	-	-	250,000	250,000
Fundraising benefits	1,360,980	-	-	1,360,980	1,291,227	-	-	1,291,227
Less: Direct benefit expenses	(461,885)	-	-	(461,885)	(313,759)	-	-	(313,759)
Spending policy (Note 3a)	425,781	(425,781)	-	-	464,881	(464,881)	-	-
Net investment income (loss) (Note 7)	(3,617)	857,583	77,312	931,278	243	(1,208,201)	(82,967)	(1,290,925)
Program income (Note 1i)	68,995	-	-	68,995	45,000	-	-	45,000
Equity net income in TAP (Note 6)	369,745	-	-	369,745	-	-	-	-
Net book sales (Note 1i)	-	-	-	-	2,481	-	-	2,481
Other income	6,085	-	-	6,085	4,914	-	-	4,914
	<u>2,799,754</u>	<u>900,579</u>	<u>781,375</u>	<u>4,481,708</u>	<u>2,167,432</u>	<u>(1,673,082)</u>	<u>555,072</u>	<u>1,049,422</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	611,617	-	(611,617)	-	696,465	-	(696,465)	-
Reduction of prior year grant	-	-	(10,000)	(10,000)	-	-	-	-
	<u>3,411,371</u>	<u>900,579</u>	<u>159,758</u>	<u>4,471,708</u>	<u>2,863,897</u>	<u>(1,673,082)</u>	<u>(141,393)</u>	<u>1,049,422</u>
<b>Expenses</b>								
Program Services	<u>2,416,501</u>	<u>-</u>	<u>-</u>	<u>2,416,501</u>	<u>2,039,539</u>	<u>-</u>	<u>-</u>	<u>2,039,539</u>
Supporting Services								
Management and general	518,665	-	-	518,665	450,854	-	-	450,854
Fundraising	358,144	-	-	358,144	222,830	-	-	222,830
Total Supporting Services	<u>876,809</u>	<u>-</u>	<u>-</u>	<u>876,809</u>	<u>673,684</u>	<u>-</u>	<u>-</u>	<u>673,684</u>
Total Expenses	<u>3,293,310</u>	<u>-</u>	<u>-</u>	<u>3,293,310</u>	<u>2,713,223</u>	<u>-</u>	<u>-</u>	<u>2,713,223</u>
Increase (Decrease) in Net Assets	<u>118,061</u>	<u>900,579</u>	<u>159,758</u>	<u>1,178,398</u>	<u>150,674</u>	<u>(1,673,082)</u>	<u>(141,393)</u>	<u>(1,663,801)</u>
Transfers (Note 3a)	<u>236</u>	<u>129,764</u>	<u>(130,000)</u>	<u>-</u>	<u>(65,275)</u>	<u>65,275</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year, as previously reported	962,108	9,515,045	1,664,387	12,141,540	966,530	11,122,852	1,805,780	13,895,162
Prior period adjustment (Note 14)	89,821	-	-	89,821	-	-	-	-
Net assets, beginning of year, as restated	<u>1,051,929</u>	<u>9,515,045</u>	<u>1,664,387</u>	<u>12,231,361</u>	<u>966,530</u>	<u>11,122,852</u>	<u>1,805,780</u>	<u>13,895,162</u>
<b>Net Assets, End of Year</b>	<u>\$1,170,226</u>	<u>\$10,545,388</u>	<u>\$ 1,694,145</u>	<u>\$13,409,759</u>	<u>\$1,051,929</u>	<u>\$ 9,515,045</u>	<u>\$ 1,664,387</u>	<u>\$12,231,361</u>

See notes to financial statements.

## AMERICAN THEATRE WING, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023				2022	
	Programs Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising	Total		
Salaries	\$ 782,137	\$ 145,953	\$ 150,326	\$296,279	\$1,078,416	\$1,018,736
Employee benefits	116,227	5,360	27,528	32,888	149,115	156,880
Payroll taxes	51,362	11,732	10,237	21,969	73,331	68,795
Consultants and professional fees	152,650	243,607	11,163	254,770	407,420	303,439
Costs of special publication	-	-	-	-	-	2,075
Advertising, promotion and public relations	21,339	327	330	657	21,996	18,720
Grant expense	649,774	-	-	-	649,774	550,262
Honoraria	20,700	-	-	-	20,700	19,175
Office rent, utilities and storage expense	184,168	20,862	30,133	50,995	235,163	171,990
Computer equipment, repair and maintenance	-	-	-	-	-	5,699
Insurance	28,011	3,232	4,669	7,901	35,912	29,812
Office expenses	64,566	43,344	33,601	76,945	141,511	59,268
Meetings, travel and hospitality	47,918	2,957	47,836	50,793	98,711	84,596
Program production and event expense	268,837	15,927	34,168	50,095	318,932	172,788
Indirect benefit expenses	-	-	2,084	2,084	2,084	13,923
Bad debt expense	-	22,000	-	22,000	22,000	126
Other expenses	-	40	1,267	1,307	1,307	-
Total expenses before depreciation	2,387,689	515,341	353,342	868,683	3,256,372	2,676,284
Depreciation	28,812	3,324	4,802	8,126	36,938	36,939
Total Expenses, 2023	<u>\$2,416,501</u>	<u>\$ 518,665</u>	<u>\$ 358,144</u>	<u>\$876,809</u>	<u>\$3,293,310</u>	
Percentages to Total, 2023	<u>73%</u>	<u>16%</u>	<u>11%</u>	<u>27%</u>	<u>100%</u>	
Total Expenses, 2022	<u>\$2,039,539</u>	<u>\$ 450,854</u>	<u>\$ 222,830</u>	<u>\$673,684</u>		<u>\$2,713,223</u>
Percentages to Total, 2022	<u>75%</u>	<u>17%</u>	<u>8%</u>	<u>25%</u>		<u>100%</u>

\* 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, 2022

	Programs Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 793,649	\$ 96,725	\$ 128,362	\$225,087	\$1,018,736
Employee benefits	122,217	14,896	19,767	34,663	156,880
Payroll taxes	53,596	6,531	8,668	15,199	68,795
Consultants and professional fees	27,414	262,025	14,000	276,025	303,439
Costs of special publication	2,075	-	-	-	2,075
Advertising, promotion and public relations	17,842	-	878	878	18,720
Grant expense	550,262	-	-	-	550,262
Honoraria	19,150	25	-	25	19,175
Office rent, utilities and storage expense	134,121	15,515	22,354	37,869	171,990
Computer equipment, repair and maintenance	-	5,699	-	5,699	5,699
Insurance	23,224	2,832	3,756	6,588	29,812
Office expenses	49,448	9,458	362	9,820	59,268
Meetings, travel and hospitality	67,361	16,720	515	17,235	84,596
Program production and event expense	150,403	16,794	5,591	22,385	172,788
Indirect benefit expenses	-	-	13,923	13,923	13,923
Bad debt expense	-	126	-	126	126
Total expenses before depreciation	2,010,762	447,346	218,176	665,522	2,676,284
Depreciation	28,777	3,508	4,654	8,162	36,939
Total Expenses	<u>\$2,039,539</u>	<u>\$ 450,854</u>	<u>\$ 222,830</u>	<u>\$673,684</u>	<u>\$2,713,223</u>
Percentages to Total	<u>75%</u>	<u>17%</u>	<u>8%</u>	<u>25%</u>	<u>100%</u>

\* 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.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$1,178,398	\$(1,663,801)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Non-cash operating lease expense	110,869	117,251
Bad debt expense	22,000	126
Depreciation	36,938	36,939
Realized (gain) loss on investments	94,497	(47,639)
Unrealized (gain) loss on investments	(838,217)	1,701,467
Endowment contributions	-	(250,000)
Equity net income in TAP	(369,745)	-
(Increase) decrease in:		
Accounts receivable	(7,793)	(1,820)
Unconditional promises to give	(471,943)	135,029
Prepaid expenses and other current assets	6,856	29,548
Increase (decrease) in:		
Accounts payable and accrued expenses	60,849	(41,700)
Operating lease liability	(152,892)	(157,521)
Deferred revenue	4,932	2,861
Net Cash Used By Operating Activities	<u>(325,251)</u>	<u>(139,260)</u>
<b>Cash Flows From Investing Activities</b>		
Distributions from TAP	300,000	-
Proceeds from sale of investments	2,560,431	1,690,075
Purchase of investments	(2,907,034)	(1,252,948)
Net Cash Provided (Used) By Investing Activities	<u>(46,603)</u>	<u>437,127</u>
<b>Cash Flows From Financing Activities</b>		
Borrowings under line of credit	-	115
Repayments under line of credit	-	(496,901)
Endowment contributions received	-	250,000
Net Cash Used By Financing Activities	<u>-</u>	<u>(246,786)</u>
Net increase (decrease) in cash and cash equivalents	(371,854)	51,081
Cash and cash equivalents, beginning of year	<u>1,820,362</u>	<u>1,769,281</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,448,508</u></u>	<u><u>\$ 1,820,362</u></u>
<b>Supplemental Disclosure and Cash Flow Information:</b>		
Interest paid	<u>\$ 1,307</u>	<u>\$ 1,193</u>
Operating lease right-of-use asset obtained in exchange for lease liability	<u>\$ -</u>	<u>\$ 350,027</u>

See notes to financial statements.



**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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.

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.
- 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.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

c - Fair Value Measurements (continued)

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 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.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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 - Operating Lease Right-of-Use Asset and Operating Lease Liability  
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. 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.
- 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.

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

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.

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).

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

n - Subsequent Events

The Organization has evaluated subsequent events through July 8, 2024, the date that the financial statements are considered available to be issued.

o - New Accounting Standard

During 2023, the Organization adopted ASU 2016-13, *Current Expected Credit Losses* ("Topic 326"). The core principles of ASU 2016-13 (the "ASU") significantly change the way organizations recognize credit losses from the incurred loss model to the expected loss model for most financial assets. The financial asset held by the Organization that is subject to the ASU is trade accounts receivable. The adoption of the ASU did not have a significant impact to net assets.

**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.**  
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**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>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,448,508	\$ 1,820,362
Accounts receivable	12,095	4,302
Unconditional promises to give	727,700	277,757
Investment in TAP	85,879	16,134
Investments	<u>11,408,665</u>	<u>10,318,342</u>
Total Financial Assets	13,682,847	12,436,897
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	(1,256,024)	(1,237,405)
Plus: Net assets with restrictions to be met in less than a year	900,000	502,001
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(438,121)	(426,982)
Plus: Amounts appropriated for use within one year	20,000	20,000
Board designated net assets	(10,545,388)	(9,515,045)
Plus: Amounts appropriated for use within one year	<u>425,895</u>	<u>812,168</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 2,789,209</u>	<u>\$ 2,591,634</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 11, which can be used for unanticipated liquidity needs.

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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>2023</u>	<u>2022</u>
Program Development Fund	\$ 6,799,259	\$6,470,690
Jonathan Larson Grant Fund	799,768	738,504
Andrew Lloyd Webber Initiative Fund	1,943,061	1,302,551
Cash reserve	1,000,000	1,000,000
Other reserves	<u>3,300</u>	<u>3,300</u>
	<u>\$10,545,388</u>	<u>\$9,515,045</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 \$425,781 in 2023. In addition, during the years ended December 31, 2023 and 2022, 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, 2023 and 2022, net investment income (losses) of \$61,264 (2023) and \$(89,920) (2022) 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. The Organization intends to draw from the fund annually at a rate of 5% of the value of the fund, to support this program. For the years ended December 31, 2023 and 2022, net investment income (losses) of \$113,114 and \$(109,807), respectively, changed the balance of this Board Designated fund. In addition, funds totaling \$598,777 were added to the fund and expenses totaling \$71,381 were covered by the fund in 2023.

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, 2023 and 2022 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>2023</u>	<u>2022</u>
Operating:		
Andrew Lloyd Webber Initiative	\$ 811,080	\$ 464,833
Jonathan Larson Grant Fund	322,944	347,916
Future programs and periods	<u>122,000</u>	<u>424,656</u>
	<u>1,256,024</u>	<u>1,237,405</u>
Endowments:		
Accumulated investment income above (below)		
original gift amount	(13,586)	(24,725)
Investment in perpetuity	<u>451,707</u>	<u>451,707</u>
Total Endowments	<u>438,121</u>	<u>426,982</u>
	<u>\$1,694,145</u>	<u>\$1,664,387</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 years ended December 31, 2023 and 2022, new contributions to the Fund totaled \$2,227 (2023) and \$550 (2022), and net investment income (losses) of \$46,173 (2023) and \$(56,546) (2022) further changed the balance of the fund. Expenses covered by the Fund totaled \$73,372 (2023) and \$65,825 (2022).

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.



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**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.

**Note 5 - Unconditional Promises to Give**

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

	<u>2023</u>	<u>2022</u>
Due in one year	\$727,700	\$221,201
Due in one to five years	<u>-</u>	<u>60,000</u>
	727,700	281,201
Discount to present value	<u>-</u>	<u>(3,444)</u>
	<u>\$727,700</u>	<u>\$277,757</u>

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.

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**Note 7 - Investments**

Investments consist of the following as of December 31:

	<b>2023</b>				<b>Measured at Net Asset Value</b>
	<b>Cost</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	
Money market funds and cash held for investment	\$ 675,634	\$ 675,634	\$ 675,634	\$ -	\$ -
Mutual funds					
Equities	6,045,534	6,145,671	6,145,671	-	-
Exchange traded funds and closed end funds					
Equities	1,420,336	2,566,548	2,566,548	-	-
Corporate bonds	1,753,392	1,685,588	-	1,685,588	-
Investment fund - real estate income trust	<u>330,414</u>	<u>335,224</u>	<u>-</u>	<u>-</u>	<u>335,224</u>
	<u>\$10,225,310</u>	<u>\$11,408,665</u>	<u>\$9,387,853</u>	<u>\$1,685,588</u>	<u>\$335,224</u>
	<b>2022</b>				<b>Measured at Net Asset Value</b>
	<b>Cost</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Value</b>
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	<u>309,471</u>	<u>335,591</u>	<u>-</u>	<u>-</u>	<u>335,591</u>
	<u>\$9,973,204</u>	<u>\$10,318,342</u>	<u>\$8,883,164</u>	<u>\$1,099,587</u>	<u>\$335,591</u>

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Investments (continued)**

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 235,764	\$ 413,385
Realized gains (losses)	(94,497)	47,639
Unrealized gains (losses)	838,217	(1,701,467)
Investment fees	<u>(48,206)</u>	<u>(50,482)</u>
Net Investment Income (Loss)	<u>\$ 931,278</u>	<u>\$(1,290,925)</u>

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.

**AMERICAN THEATRE WING, INC.**  
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**Note 8 - Endowment Funds (continued)**

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

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

	<u>With Donor Restrictions</u>		
	<u>Investment Income (Loss) Above (Below) Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds, 2023	<u>\$(13,586)</u>	<u>\$451,707</u>	<u>\$438,121</u>
Donor-restricted endowment funds, 2022	<u>\$(24,725)</u>	<u>\$451,707</u>	<u>\$426,982</u>

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

	<u>2023</u>		
	<u>With Donor Restrictions</u>		
	<u>Investment Income (Loss) Above (Below) Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$(24,725)	\$451,707	\$426,982
Net investment income	31,139	-	31,139
Appropriations	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Endowment Funds, End of Year	<u>\$(13,586)</u>	<u>\$451,707</u>	<u>\$438,121</u>

**AMERICAN THEATRE WING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Endowment Funds (continued)**

	<b>2022</b>		
	<b>With Donor Restrictions</b>		
	<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
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	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Endowment Funds, End of Year	<u>\$(24,725)</u>	<u>\$451,707</u>	<u>\$426,982</u>

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, 2023, one fund with a combined original gift value of \$201,707, had a fair value of \$185,575 and was reported as net assets with donor restrictions. 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.

The Organization is in the process of formulating an investment and spending policy for the endowments that will be reviewed and approved by the Board.

**Note 9 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<b>Life</b>	<b>2023</b>	<b>2022</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>73,515</u>	<u>73,515</u>
		652,561	652,561
Less: Accumulated depreciation		<u>(618,038)</u>	<u>(581,100)</u>
		<u>\$ 34,523</u>	<u>\$ 71,461</u>

**AMERICAN THEATRE WING, INC.**  
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**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, 2023 totaled \$122,374. There were no variable lease costs incurred. As of December 31, 2023, the remaining term of the Organization's operating lease is twelve months, and the discount rate is 3.15%.

Maturities of the Organization's lease liability as of December 31, 2023 are as follows:

Year ending December 31, 2024	\$173,546
Less: Amount attributable to interest	<u>(2,065)</u>
	<u>\$171,481</u>

**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, 7.46% as of December 31, 2023. There were no borrowings outstanding at December 31, 2023 and 2022.

**Note 12 - 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.
- 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.

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**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12 - 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 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 - Prior Period Adjustment**

Net assets as of January 1, 2023 were restated to correct an overstatement of 2022 expenses.