

Old Town
Playhouse, Inc.



Years Ended
June 30, 2021
and 2020

Financial
Statements

Rehmann

OLD TOWN PLAYHOUSE, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

September 14, 2021

Board of Directors
Old Town Playhouse, Inc.
Traverse City, Michigan

We have reviewed the accompanying financial statements of the **Old Town Playhouse, Inc.** (the "Playhouse") (a Michigan not-for-profit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Playhouse management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to conform with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Independent Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to conform with accounting principles generally accepted in the United States of America.



Rehmann is an independent member of Nexia International.



OLD TOWN PLAYHOUSE, INC.

Statements of Financial Position

	June 30	
	2021	2020
ASSETS		
Assets		
Cash and cash equivalents	\$ 437,992	\$ 470,487
Accounts receivable	3,903	7,433
Employer retention tax credit receivable (Note 1)	52,522	-
Pledges receivable, net	-	1,230
Prepaid expenses	32,146	23,601
Total current assets	526,563	502,751
Pledges receivable	88,856	88,860
Net property and equipment	812,119	800,965
Total assets	\$ 1,427,538	\$ 1,392,576
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 6,973	\$ 2,815
Deferred revenue	110,465	103,560
Deferred federal grant revenue (Note 1)	65,730	65,730
Current portion of long-term debt	7,108	528
Total current liabilities	190,276	172,633
Long-term debt, net of current portion	17,363	24,472
Total liabilities	207,639	197,105
Net assets		
Without donor restrictions	1,219,899	1,195,471
Total liabilities and net assets	\$ 1,427,538	\$ 1,392,576

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statements of Activities

	Year Ended June 30, 2021	Year Ended June 30, 2020
	Without Donor Restrictions	Without Donor Restrictions
Revenues and support		
Contributions and grants	\$ 296,610	\$ 217,119
Paycheck Protection Program grant	65,730	-
Employer retention tax credit (Note 1)	58,204	-
Admissions	21,632	260,605
Classes and workshops	17,359	24,388
Corporate sponsorship	12,220	20,872
Rental income	6,458	11,850
Other	3,805	728
Donated materials and supplies	3,603	3,589
Special events	1,415	-
Interest earnings	520	6,361
Concessions	179	5,646
Program advertising	-	67,608
Total revenues and support	487,735	618,766
Expenses		
Program services - production	357,050	633,041
General and administrative	79,094	97,486
Fundraising	27,163	39,198
Total expenses	463,307	769,725
Change in net assets	24,428	(150,959)
Net assets, beginning of year	1,195,471	1,346,430
Net assets, end of year	\$ 1,219,899	\$ 1,195,471

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Production	General and Administrative	Fundraising		
Salaries and fringe benefits					
Salaries and wages	\$ 159,891	\$ 15,074	\$ 17,127	\$ 32,201	\$ 192,092
Payroll taxes	12,273	1,184	1,237	2,421	14,694
Benefits	27,225	4,047	3,231	7,278	34,503
Total salaries and fringe benefits	199,389	20,305	21,595	41,900	241,289
Depreciation	63,543	19,750	-	19,750	83,293
Facility and maintenance	16,453	6,659	-	6,659	23,112
Professional fees	-	14,790	-	14,790	14,790
Insurance	9,618	4,688	-	4,688	14,306
Subsidizing	14,072	-	-	-	14,072
Program, performance, and education	12,309	-	-	-	12,309
Utilities	9,074	3,025	-	3,025	12,099
Rent, parking and other occupancy	6,747	-	-	-	6,747
Supplies	5,154	1,479	60	1,539	6,693
Cloud hosting for ticketing system	5,500	-	-	-	5,500
Independent contractors	1,300	-	3,600	3,600	4,900
Telephone and internet	3,421	1,001	-	1,001	4,422
Advertising	4,243	-	-	-	4,243
Fees and service charges	187	3,820	-	3,820	4,007
Donated materials and supplies	2,308	203	1,093	1,296	3,604
Membership dues	663	1,413	-	1,413	2,076
Musicians and costumes	1,201	-	-	-	1,201
Website design	777	322	-	322	1,099
Printing and copying	364	81	540	621	985
Postage and shipping	283	395	165	560	843
Interest expense	-	754	-	754	754
Staff development	123	354	-	354	477
Sales tax	177	-	-	-	177
Vehicle expenses	113	40	-	40	153
Fundraising fees	-	-	100	100	100
Ticket fees	31	-	-	-	31
Miscellaneous	-	15	10	25	25
Total expenses	\$ 357,050	\$ 79,094	\$ 27,163	\$ 106,257	\$ 463,307

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Production	General and Administrative	Fundraising		
Salaries and fringe benefits					
Salaries and wages	\$ 239,899	\$ 26,706	\$ 26,500	\$ 53,206	\$ 293,105
Payroll taxes	17,648	3,684	1,092	4,776	22,424
Benefits	26,020	2,573	33	2,606	28,626
Total salaries and fringe benefits	283,567	32,963	27,625	60,588	344,155
Depreciation	58,122	18,475	-	18,475	76,597
Advertising	71,637	35	543	578	72,215
Program, performance, and education	65,832	-	-	-	65,832
Supplies	19,973	3,567	826	4,393	24,366
Facility and maintenance	18,721	4,742	-	4,742	23,463
Ticket fees	22,452	-	38	38	22,490
Independent contractors	12,562	1,767	7,231	8,998	21,560
Insurance	11,400	8,081	-	8,081	19,481
Subsidizing	19,409	-	-	-	19,409
Printing and copying	16,467	50	2,172	2,222	18,689
Utilities	13,808	3,949	-	3,949	17,757
Rent, parking and other occupancy	11,750	-	-	-	11,750
Professional fees	-	7,900	-	7,900	7,900
Fees and service charges	11	7,132	220	7,352	7,363
Telephone and internet	5,223	1,875	-	1,875	7,098
Membership dues	-	2,902	-	2,902	2,902
Postage and shipping	1,109	652	110	762	1,871
Website design	784	818	-	818	1,602
Travel and entertainment	179	770	333	1,103	1,282
Meetings and receptions	-	815	-	815	815
Staff development	-	650	-	650	650
Miscellaneous	-	146	-	146	146
Vehicle expenses	-	130	-	130	130
Fundraising fees	-	-	100	100	100
Interest expense	-	67	-	67	67
Donated materials and supplies	35	-	-	-	35
Total expenses	\$ 633,041	\$ 97,486	\$ 39,198	\$ 136,684	\$ 769,725

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statements of Cash Flows

	Years Ended June 30	
	2021	2020
Cash flows from operating activities		
Cash received from admissions	\$ 46,435	\$ 304,076
Cash received from contributions and grants	349,202	333,717
Other cash receipts	51,241	141,067
Cash paid to employees	(241,289)	(344,155)
Cash paid to suppliers	(143,108)	(360,622)
Net cash provided by operating activities	<u>62,481</u>	<u>74,083</u>
Cash flows from investing activities		
Redemption of certificates of deposit	-	70,892
Purchase of property and equipment	(94,447)	(49,388)
Net cash (used in) provided by investing activities	<u>(94,447)</u>	<u>21,504</u>
Cash flows from financing activities		
Issuance of long-term debt	-	25,000
Payments on long-term debt	(529)	-
Net cash (used in) provided by financing activities	<u>(529)</u>	<u>25,000</u>
Net (decrease) increase in cash and cash equivalents	(32,495)	120,587
Cash and cash equivalents, beginning of year	<u>470,487</u>	<u>349,900</u>
Cash and cash equivalents, end of year	<u>\$ 437,992</u>	<u>\$ 470,487</u>

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Concentration Risk

Old Town Playhouse, Inc. (the "Playhouse") is a nonprofit Playhouse established to receive and administer funds for the organization, construction, and maintenance of theatrical production. The mission of the Playhouse is to assist, encourage, promote and improve the cultural and literary development of the community by providing a means through which individuals in the Grand Traverse area may participate and obtain instruction in all aspects of the dramatic arts. The Playhouse's operations are impacted by several factors including changes in relationships with significant donors and general economic and business conditions.

There were no pledges receivable at June 30, 2021. 100% of pledges receivable were due from one donor at June 30, 2020. Approximately 8% and 13% of total contributions were from one donor during 2021 and 2020.

Risks and Economic Uncertainties

The outbreak of a novel coronavirus ("COVID-19"), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including nonprofit entities, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the Playhouse's normal activities. The extent of the ultimate impact of the pandemic on the Playhouse's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. As a result, the Playhouse has made operational changes, including canceling events, eliminating certain services and changing other services in order to comply with state and local legal requirements. While management reasonably expects the COVID-19 outbreak to negatively impact the Playhouse's financial position, changes in net assets, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

In April 2020, the Playhouse received proceeds from borrowings in the amount of \$65,730 through the Paycheck Protection Program ("PPP"), obtained through the federal Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. The loan had a two year maturity and was subject to a 1% interest rate. The Playhouse accounts for the PPP loans as conditional grants. As of June 30, 2020, because the Playhouse had not met all the criteria to apply for loan forgiveness, management determined that all barriers to entitlement had not been met and therefore recorded the full amount of this PPP loan as deferred federal grant revenue at June 30, 2020. In March 2021, the Playhouse received full forgiveness from the Small Business Administration ("SBA") and recognized the grant revenue in the 2021 statement of activities.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

On December 20, 2020, the Consolidated Appropriations Act, 2021 ("CAA") was signed into law. This law allowed a second draw of the PPP if certain criteria were met. In January 2021, the Playhouse applied for a second draw under the provisions of the CAA and obtained additional funds of \$65,730 under an unsecured promissory note. The loan is subject to partial or full forgiveness based on terms as dictated by the SBA. The loan bears interest at 1% per year, with principal and interest payments commencing no later than 10 months from the end of the covered period. Principal and interest payments required will depend on the extent, if any, of forgiveness of the PPP loan based on the program rules and regulations established by the SBA and Code of Federal Regulations. As of June 30, 2021, the Playhouse had not met all the criteria to apply for loan forgiveness, management determined that all barriers to entitlement had not been met and therefore recorded the full amount of this PPP loan as deferred federal grant revenue at June 30, 2021.

The Company applied for \$58,204 of Employee Retention Tax Credit ("ERTC") pursuant to the CARES Act, of which \$52,522 is recorded on the 2021 statement of financial position as employee retention tax credit receivable. \$5,682 was received during fiscal year 2021. The ERTC allows for a refundable tax credit against certain employment taxes if certain eligibility requirements are met. The Playhouse accounts for the ERTC as a conditional grant, and as all conditions have been met for qualification of the credit during the year ending June 30, 2021, the Playhouse recognized \$58,204 related to the ERTC as revenues and support on the 2021 statement of activities and \$52,522 within employee retention tax credit receivable on the 2021 statement of financial position.

Basis of Reporting and Classification of Net Assets

To ensure observance of limitations and restrictions placed on the use of available resources, for internal accounting and stewardship purposes the accounts of the Playhouse are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and internal reporting into funds established according to their nature and purpose. Net assets, revenues and support, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions as of June 30, 2021 and 2020.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual amounts could differ from those estimates. Significant estimates include but are not limited to the useful lives of depreciable property and equipment.

Contributions and Grants

Contributions, including unconditional promises to give in the future, are reported as revenue without donor restrictions when received unless use of the related assets is limited by donor-imposed restrictions. Unconditional promises to give in the future are recorded at the present value of estimated future cash flows using a risk-adjusted discount rate. When a restriction expires (e.g., the donor-stipulated purpose has been fulfilled or time has elapsed), net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until they become unconditional, that is when the conditions on which they depend have been met. A portion of the Playhouse's revenue is derived from a federal grant, which is recognized when the Playhouse has incurred the qualifying expenditures and met certain other performance requirements, as applicable.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market funds with original maturities of less than three months. The Playhouse maintains its cash in bank deposit accounts at various financial institutions, which, at times, may exceed the federally insured limits. Management does not believe the Playhouse is exposed to any significant interest rate or other financial risks as a result of these deposits.

Revenue from Contracts with Customers

The Playhouse satisfies its performance obligation for performances (ticket sales) at the point in time the services are provided to the patron. Control transfers when these services are rendered to the patron, which is at the time of the performance. Deferred revenue is recorded for the portion of advance ticket sales for the following year's performance season received in the current year.

The Playhouse recognizes revenue from classes and workshops during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the classes and workshops. Payment for classes is required at the start of the class or workshop. All amounts received prior to the commencement of the class or workshop are deferred to the applicable period. In addition, refunds issued reduce the amount of revenue recognized and historically has been insignificant.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Accounts and Pledges Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts as a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off as a charge to the allowance and a credit to accounts receivable. Management estimates that all receivables are collectible at June 30, 2021 and 2020 and thus no valuation allowances have been recorded.

Accounts receivable were as follows for the years ended June 30:

	2021	2020
Accounts receivable, beginning of the year	\$ 7,433	\$ 28,124
Accounts receivable, end of the year	3,903	7,433

Pledges receivable are recorded at the amount that is expected to be collected within one year at net realizable value. Pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Net Property and Equipment

Property and equipment is stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Depreciation is computed using the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years.

Deferred Revenues

Deferred revenues result from the timing of private grants received for next year's operations and advanced advertising revenues. Advanced payments for camps and shows are also recorded as deferred revenue until the time of the camp or the show. See Note 5.

Donated Materials and Supplies

Donations of materials and supplies for use in operations are recorded as support at the fair market value at the date of donation. Such donations are reported as without donor restriction support unless the donor has restricted the donated goods to a specific purpose.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Income Taxes

The Playhouse is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Playhouse was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” The Playhouse has been classified as not a private foundation.

The Playhouse considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Playhouse determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Playhouse has evaluated fiscal years 2018 through 2021, the years which remain subject to examination by major tax jurisdictions as of June 30, 2021, for uncertain tax positions. The Playhouse concluded that there are no significant uncertain tax positions requiring recognition in the Playhouse’s financial statements. The Playhouse does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Playhouse does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2021 or 2020, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Advertising

The costs of advertising and promotion are expensed as they are incurred. Advertising and promotional material costs were \$4,243 and \$72,215 for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification or space utilized, whichever is more appropriate.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2021, the most recent statement of financial position presented herein, through September 14, 2021, the date these financial statements were available to be issued. No significant such events or transactions were identified, other than the items described in Notes 6 and 11.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 437,992	\$ 470,487
Accounts receivable	3,903	7,433
Pledges receivable, net	-	1,230
Total	\$ 441,895	\$ 479,150

As part of the Playhouse's liquidity management plan, the Playhouse invests cash in excess of daily requirements in money market funds. Additionally, the Playhouse receives contributions and admissions revenue throughout the year, which is available for general expenditures.

3. PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give toward operating activities and are discounted using a 3% rate. Pledges receivable are expected to be collected as follows at June 30:

	2021	2020
Less than one year	\$ -	\$ 1,230
One to five years	100,000	100,000
Less present value discount	(11,144)	(11,140)
	<u>\$ 88,856</u>	<u>\$ 90,090</u>

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

4. NET PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2021	2020
Property and equipment		
Land	\$ 20,000	\$ 20,000
Buildings and building improvements	1,456,992	1,385,701
Theatrical equipment	275,937	256,798
Office equipment	43,554	45,508
Parking lot	24,120	24,120
Vehicle	13,900	13,900
Total	1,834,503	1,746,027
Less accumulated depreciation	1,022,384	945,062
Net property and equipment	\$ 812,119	\$ 800,965

Depreciation expense was \$83,293 and \$76,597 for 2021 and 2020, respectively.

5. DEFERRED REVENUES

Deferred revenues consist of the following at June 30:

	2021	2020	2019
In-kind trades	\$ -	\$ 1,140	\$ 3,004
Camps and tickets	59,207	36,794	-
Grants	51,258	65,626	14,193
Advanced advertising revenues	-	-	12,150
Total deferred revenues	\$ 110,465	\$ 103,560	\$ 29,347

6. DEBT (INCLUDING SUBSEQUENT EVENT)

The Playhouse obtained an Economic Injury Disaster Loan ("EIDL") in the amount of \$25,000 in May 2020. The loan is unsecured and due in monthly installments of \$641, including interest charged at 2.75%, which began accruing in May 2021. The Playhouse repaid the loan in July 2021.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

7. CONTRIBUTED SERVICES

A number of unpaid volunteers have made significant contributions of their time in the Playhouse's performances and other activities. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

8. RELATED PARTY TRANSACTIONS

A board member of the Playhouse has committed to donating funds through the annual fundraising event. There were no receivables from the Board member as of June 30, 2021. Twelve board members donated \$11,078 and one board member donated \$23,544 during the years ended June 30, 2021, and 2020, respectively.

9. SUBSIDIZING EXPENSES

Each of the Worthington Family Foundation grant awards allows for spending over a three-year period, and requires the related expenses to be recorded as subsidizing. Due to the COVID-19 pandemic during fiscal year 2021 and 2020, the grantor allowed the Playhouse to apply grant funds typically used for advertising to other production costs, as fewer advertising expenses were needed due to the cancellation of various classes. The subsidizing expenses are further allocated as follows for the years ended June 30:

	2021	2020
Advertising	\$ -	\$ 4,048
Scholarships	2,485	1,775
Tickets	421	3,653
Other production expenses	11,166	9,933
	<u>\$ 14,072</u>	<u>\$ 19,409</u>

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

10. ENDOWMENT FUNDS HELD WITH GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION

Through its fundraising projects, the Playhouse accepts donations directly or encourages donors to contribute to the Old Town Playhouse Endowment Fund, maintained by the Grand Traverse Regional Community Foundation. The Playhouse is named beneficiary of all these endowment funds. The fund is a permanent fund; nevertheless, the earnings may be used to fund the Playhouse's operating activities. Summary financial information of the endowment fund follows:

	Endowment Corpus	Spendable Reserve	Total
Beginning net assets, July 1, 2019	\$ 474,540	\$ (13,376)	\$ 461,164
Contributions	425	-	425
Investment gains, net of fees	-	6,584	6,584
Grants payable reserve	-	(18,420)	(18,420)
Ending net assets, June 30, 2020	474,965	(25,212)	449,753
Investment gains, net of fees	-	137,190	137,190
Grants payable reserve	-	(18,460)	(18,460)
Ending net assets, June 30, 2021	\$ 474,965	\$ 93,518	\$ 568,483

Distributions to the Playhouse from the endowment funds are reported in the statements of activities as grants and contributions. These assets are reported exclusively on the books of the Grand Traverse Regional Community Foundation, which is owned and directed by the Community Foundation, and has variance power over the endowment funds.

11. SUBSEQUENT EVENT

In July 2021, the Playhouse was awarded and received a Shuttered Venue Operators Grant from the Small Business Administration in the amount of \$172,329. Grant funds may be used for specific expenses, as outlined in the grant agreement.

