

GEORGE STREET PLAYHOUSE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
George Street Playhouse, Inc.
New Brunswick, New Jersey

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of George Street Playhouse, Inc. (the Company) (a nonprofit organization) which comprise the statements of financial position as of June 30, 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 my opinion, the financial statements present fairly, in all material respects, the financial position of George Street Playhouse, Inc. as of June 30, 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of George Street Playhouse, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of Management 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, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 and *Government 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government Auditing Standards*, I:

- 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 the Company'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of state financial awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated January xx, 2024 on my consideration of George Street Playhouse's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control over financial reporting and compliance.

James M. Wood, CPA

January 29, 2024
Hillsborough, NJ

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 3,073,626	\$ 4,165,904
Certificate of deposit	200,020	200,020
Accounts & pledges receivable, net of allowance for doubtful accounts of \$11,400	207,316	2,117,127
Prepaid expenses	21,364	96,164
	<u>3,502,326</u>	<u>6,579,215</u>
Property & equipment, net of accumulated depreciation	272,655	301,160
Intangible asset	34,713	-
Right of use leased premises	407,604	-
Security deposits	15,933	15,933
	<u>\$ 4,233,231</u>	<u>\$ 6,896,308</u>
Liabilities & Net Assets		
Liabilities		
Accounts payable	\$ 135,172	\$ 171,621
Accrued payroll & payroll tax	1,595	2,794
Revenue received in advance		
Subscriptions & tickets	364,285	458,906
Grants received with conditions	33,173	192,464
Naming pledge commitments	79,000	276,199
Obligations under capital leases	407,604	-
	<u>1,020,829</u>	<u>1,101,984</u>
Net assets		
Without Donor Restrictions	2,800,322	890,633
With Donor Restrictions	412,080	4,903,691
	<u>3,212,402</u>	<u>5,794,324</u>
	<u>\$ 4,233,231</u>	<u>\$ 6,896,308</u>

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Subscriptions	\$ 369,153	\$ -	\$ 369,153	\$ 221,690	\$ -	\$ 221,690
Ticket sales	590,000	-	590,000	352,593	-	352,593
Enhancement	2,073,590	-	2,073,590	2,011,230	-	2,011,230
Program advertising	8,000	-	8,000	7,000	-	7,000
Tour & education fees	67,772	-	67,772	25,660	-	25,660
Rentals	20,078	-	20,078	23,075	-	23,075
Interest & dividends	2,215	13,232	15,447	1,042	3,633	4,675
Outside set construction	11,000	-	11,000	142,453	-	142,453
Other	23,496	-	23,496	5,031	-	5,031
	<u>3,165,304</u>	<u>13,232</u>	<u>3,178,536</u>	<u>2,789,774</u>	<u>3,633</u>	<u>2,793,407</u>
Grants & contributions						
Government grants	914,645	-	914,645	1,823,562	-	1,823,562
Paycheck Protection Program	-	-	-	286,522	-	286,522
Contributions						
Foundation	798,919	75,146	874,065	731,435	-	731,435
Corporate	338,847	-	338,847	237,143	-	237,143
Individual	378,216	15,272	393,488	404,480	238,988	643,468
Benefit & special events, net of direct costs of \$136,033 and \$116,371	249,800	-	249,800	322,014	-	322,014
Donated materials & services	-	-	-	23,724	-	23,724
	<u>2,680,427</u>	<u>90,418</u>	<u>2,770,845</u>	<u>3,828,880</u>	<u>238,988</u>	<u>4,067,868</u>
Total revenue, grants & contributions	5,845,731	103,650	5,949,381	6,618,654	242,621	6,861,275
Net assets released from restriction	4,595,261	(4,595,261)	-	600,000	(600,000)	-
	<u>10,440,992</u>	<u>(4,491,611)</u>	<u>5,949,381</u>	<u>7,218,654</u>	<u>(357,379)</u>	<u>6,861,275</u>
Expenses						
Production	7,357,862	-	7,357,862	6,063,801	-	6,063,801
General & administrative	966,920	-	966,920	648,355	-	648,355
Fund raising	206,521	-	206,521	290,236	-	290,236
	<u>8,531,303</u>	<u>-</u>	<u>8,531,303</u>	<u>7,002,392</u>	<u>-</u>	<u>7,002,392</u>
Increase (decrease) in net assets	1,909,689	(4,491,611)	(2,581,922)	216,262	(357,379)	(141,117)
Net assets						
Beginning of year	890,633	4,903,691	5,794,324	674,371	5,261,070	5,935,441
End of year	<u>\$ 2,800,322</u>	<u>\$ 412,080</u>	<u>\$ 3,212,402</u>	<u>\$ 890,633</u>	<u>\$ 4,903,691</u>	<u>\$ 5,794,324</u>

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Production	General & Administrative	Fund Raising	Total	Production	General & Administrative	Fund Raising	Total
Salaries	\$ 2,546,828	\$ 202,589	\$ 144,706	\$ 2,894,123	\$ 1,951,803	\$ 199,086	\$ 203,237	\$ 2,354,126
Payroll taxes	305,146	24,273	17,338	346,757	289,413	26,349	17,672	333,434
Employee benefits	404,345	32,164	22,974	459,483	238,141	70,250	22,029	330,420
	<u>3,256,319</u>	<u>259,026</u>	<u>185,018</u>	<u>3,700,363</u>	<u>2,479,357</u>	<u>295,685</u>	<u>242,938</u>	<u>3,017,980</u>
Direct production	1,745,223	-	-	1,745,223	1,431,844	-	-	1,431,844
Royalties	85,132	-	-	85,132	33,486	-	-	33,486
Theater playbill	15,730	-	-	15,730	17,981	-	-	17,981
Marketing	358,253	-	10,701	368,954	246,908	-	-	246,908
Production supplies	12,349	-	-	12,349	31,008	-	-	31,008
Insurance	99,886	7,945	5,675	113,506	72,935	8,683	5,210	86,828
Telephone	172	1,573	-	1,745	946	600	-	1,546
Repairs & maintenance	28,403	791	-	29,194	13,944	433	-	14,377
Outside services	992,041	251,189	-	1,243,230	1,002,215	134,752	2,250	1,139,217
Miscellaneous	-	-	-	-	7,909	1,071	-	8,980
Accommodations & travel	334,157	1,108	941	336,206	223,596	259	-	223,855
Office expenses	39,671	97,935	2,088	139,694	42,442	28,323	35,777	106,542
Dues & subscriptions	28,370	-	619	28,989	13,943	-	-	13,943
Professional fees	-	179,981	-	179,981	-	38,108	-	38,108
Interest	-	-	-	-	-	209	-	209
Rent & utilities	299,636	162,004	-	461,640	265,871	128,760	-	394,631
Credit card & bank charges	13,804	1,098	784	15,686	10,597	1,413	630	12,640
Tour/education program	6,426	-	-	6,426	58,828	-	-	58,828
Building transition expenses	-	-	-	-	18,045	-	-	18,045
Donated materials & services	-	-	-	-	21,930	-	1,794	23,724
Accessibility services	4,841	-	-	4,841	6,661	-	-	6,661
Total expenses before depreciation	<u>7,320,413</u>	<u>962,650</u>	<u>205,826</u>	<u>8,488,889</u>	<u>6,000,446</u>	<u>638,296</u>	<u>288,599</u>	<u>6,927,341</u>
Depreciation	<u>37,449</u>	<u>4,270</u>	<u>695</u>	<u>42,414</u>	<u>63,355</u>	<u>10,059</u>	<u>1,637</u>	<u>75,051</u>
Total expenses	<u>\$ 7,357,862</u>	<u>\$ 966,920</u>	<u>\$ 206,521</u>	<u>\$ 8,531,303</u>	<u>\$ 6,063,801</u>	<u>\$ 648,355</u>	<u>\$ 290,236</u>	<u>\$ 7,002,392</u>

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (2,581,922)	\$ (141,117)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	42,414	75,051
Pledges received with restrictions	(19,073)	(238,988)
Small Business Administration loan recognized as income	-	(286,522)
(Increase) decrease in		
Grants and accounts receivable	527,685	(494,971)
Prepaid expenses	74,800	432,921
Increase (decrease) in		
Accounts payable	(36,449)	(30,911)
Accrued payroll & payroll tax	(1,199)	293
Revenue received in advance	(94,621)	(15,447)
Grants received with conditions	(159,291)	(573,599)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(2,247,656)	(1,273,290)
Cash flows from investing activities		
Proceeds from maturity of certificate of deposit	200,020	200,053
Acquisition of certificate of deposit	(200,020)	(200,020)
Acquisition of property & equipment	(13,909)	(105,648)
Acquisition of intangible asset	(34,713)	-
	<hr/>	<hr/>
Net cash used in investing activities	(48,622)	(105,615)
Cash flows from financing activities		
Collections on pledges receivable with restrictions	1,405,000	1,455,000
Remittance to New Brunswick Performing Arts Center	(201,000)	(282,025)
	<hr/>	<hr/>
Net cash provided by financing activities	1,204,000	1,172,975
Net increase (decrease) in cash & cash equivalents	(1,092,278)	(205,930)
Cash		
Beginning of year	<hr/> 4,165,904	<hr/> 4,371,834
End of year	<hr/> \$ 3,073,626	<hr/> \$ 4,165,904
Supplemental Disclosure:		
Cash paid for interest	\$ -	\$ 209

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

(1) **Nature of Organization**

George Street Playhouse, Inc. (the Company) is a non-profit Equity theater in New Brunswick, New Jersey, presenting new and established plays and musicals.

George Street Playhouse, Inc. is a resident company of the New Brunswick Performing Arts Center located at 11 Livingston Avenue, New Brunswick, New Jersey.

(2) **Summary of Significant Accounting Policies**

Basis of presentation

In accordance with generally accepted accounting principles in the United States, the Company reports its financial position and activities on the accrual basis of accounting and according to two classes of net assets: without donor restrictions and with donor restrictions. Revenue with donor restrictions which is expended in the year of recognition is presented as without donor restrictions for financial statement presentation.

Contributions

Contributions received are recorded as revenue when received without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed conditions.

Grants

Grants received from foundations and corporations are treated as contributions and are recorded as without or with donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

Grants received from government agencies are recognized as income when the terms and conditions of each grant award are substantially met.

Revenue

Revenue from performance and educational activities is recognized when the related service or event has occurred.

Certificates of deposit

Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

Cash

For the purposes of the statement of cash flows, cash includes demand deposit accounts in financial institutions.

Property & equipment

Property & equipment with estimated useful lives in excess of one year are capitalized and depreciated on a straight line basis over that life.

Donated materials & services

Donated materials and services are recorded as contributions at fair market value at the date of receipt. Expense values are recorded at an amount equal to the gift in kind contributions, except for capitalized furniture and equipment contributions with a remaining economic life in excess of one year.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Direct costs are charged to production or fund raising. Indirect costs and general support items are charged to general and administrative. Certain costs have been allocated among functions based on the benefit derived.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform with the current year presentation.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit and market risk

Financial instruments that potentially expose the Company to concentrations of credit and market risk consist primarily of cash and investments in a certificates of deposit. The Company has not experienced any losses on its cash. The Company's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is invested in a certificate of deposit.

Accounting for uncertainty in income taxes

The Company's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. The Company's exempt organization filings for the years ended June 30, 2020 through 2023 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Company's financial activities for income and unrelated business income tax for those years.

Recently adopted accounting pronouncements

Beginning July 1, 2023, the Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in noncancellable operating leases for office and fabrication space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right to use asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the risk-free rate of return at the lease's inception. The right of use asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability which is the represent value of the remaining lease payments. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The Company used the modified retrospective transition approach for the adoption.

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a term of 12 months or less at lease commencement.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

(3) **Certificate of Deposit**

As of June 30, 2023 and 2022, the Company holds a certificate of deposit of \$200,020 bearing interest at .02% and maturing on January 1, 2024 and 2023, respectively.

(4) **Pledges Receivable**

During the year ended June 30, 2018, the Company launched the Campaign for George Street Playhouse. Related pledges received with donor restrictions, have financed the transition of the Company from downtown New Brunswick to temporary space and back and will provide financial support in its new venue at the New Brunswick Performing Arts Center.

As of June 30, 2022, pledges receivable were as follows:

Gross pledges receivable	\$1,405,000
Less unamortized discount	<u>19,073</u>
Present value of pledges	1,385,927
Less reserve for uncollectible pledges	-
Net pledges receivable	<u>\$1,385,927</u>

All pledges were collected in full during the year ended June 30, 2023.

(5) **Naming Pledge Commitments**

The Company has received pledges for naming opportunities in the Campaign for George Street Playhouse for specific areas of the New Brunswick Performing Arts Center (NBPAC). As a resident company of NBPAC, the Company has agreed to share 20% of these pledge collections with NBPAC through Cultural Center Redevelopment Associates Urban Renewal LLC and has recorded a related liability in conjunction with the underlying pledge revenue. As of June 30, 2023 and 2022, the net liability due to NBPAC is as follows:

	<u>2023</u>	<u>2022</u>
Gross amount due to NBPAC	\$79,000	\$280,000
Less unamortized discount	-	<u>3,801</u>
Net liability	<u>\$79,000</u>	<u>\$276,199</u>

(6) **Pledge Revenue**

Pledge revenue recognized during the years ended June 30, 2023 and 2022 relating to the Campaign for George Street Playhouse is recorded as follows:

	<u>2023</u>	<u>2022</u>
Amortization of pledge discount	19,073	56,967
Recovery of allowance for uncollectible pledges	-	143,000
Change in liability discount to NBPAC	<u>(3,801)</u>	<u>39,021</u>
Net pledge revenue	<u>\$15,272</u>	<u>\$238,988</u>

GEORGE STREET PLAYHOUSE, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

(7) **Property & Equipment**

Property & equipment at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Office equipment	\$118,005	\$118,005
Capital improvements	32,409	32,409
Theater equipment	<u>778,435</u>	<u>764,526</u>
	928,849	914,940
Less accumulated depreciation	<u>656,194</u>	<u>613,780</u>
	<u>\$272,655</u>	<u>\$301,160</u>

(8) **Lines of Credit**

Letter of credit - Amboy Bank

The Company maintains a letter of credit in the amount of \$51,700 with Amboy Bank, secured by a minimum in Asset Management Business Account in the same amount. The letter is extended to the Actors' Equity Association to guarantee Equity members a minimum of two weeks' salary in accordance with Actors' Equity Association regulations. The letter expires July 31, 2024.

Line of credit - PNC Bank

The Company maintains a \$300,000 line of credit with PNC Bank to provide for working capital requirements. Amounts borrowed on the line bear interest at .50% below the highest prime rate as published by the Wall Street Journal. Outstanding balances are secured by a certificate of deposit in the amount of \$200,020; the line matures on December 12, 2024. As of June 30, 2023 and 2022, outstanding advances were \$0.

(9) **Small Business Administration Loans**

In February 2021, the Company received a loan in the amount of \$591,550 under the extended Paycheck Protection Program, a component of The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act). The Company met the forgiveness criteria for the entire loan balance, \$286,522 of which was recognized as income during the year ended June 30, 2022.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

(10) **Operating Leases**

The Company has an obligation as a lessee for office and fabrication space with an initial cancellable term in excess of one year. The leases are classified as operating.

Lease expense for the years ended June 30, 2023 and 2022 was \$246,863.

As of June 30, 2023, amounts reported in the statement of financial position are as follows:

Right of use leased premises	\$407,604
Obligations under capital leases	407,604

Other information related to leases as of June 30, is as follows:

Supplemental cash flow information:

Cash paid for operating lease expenses for the years ended June 30:	
2023	\$298,892
2022	271,326

Remaining operating lease term	2.33 years
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Risk-free rates of return	2%-4%
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As of June 30, 2023, maturity of the lease liability under its noncancellable operating lease is as follows for the years ending June 30:

2024	\$231,077
2025	146,655
2026	<u>40,100</u>
Total undiscounted lease payments	417,832
Less imputed interest	<u>(10,228)</u>
Net lease liability	<u>\$407,604</u>

(11) **Related Parties**

The Company occupies performance and administrative space in the New Brunswick Performing Arts Center. The Company has an arrangement with the New Brunswick Performing Arts Center wherein it is obligated to pay \$5 per ticket sold in lieu of rent. Administrative space is located in the same building and is being leased from Middlesex County.

(12) **Income Taxes**

The Company is exempt from income taxes as a non-profit corporation under Internal Revenue Code Section 501(c)(3) and, accordingly, the financial statements do not reflect a provision for federal or state income taxes. All applicable returns for the exempt organization are filed in a timely manner. The Company is liable for payment of payroll taxes as an employer; all such amounts are paid in a timely manner as required by state and federal regulations.

(13) **Retirement Plan**

The Company sponsors a salary reduction plan under Section 403(b) of the Internal Revenue Code wherein employees may make elective contributions. The Company made no contributions or employer match for the years ended June 30, 2023 and 2022.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

(14) **Insured Deposits**

As of June 30, 2023 and 2022, cash exceeding federally insured limits in depository institutions totaled \$998,519 and \$1,959,991, respectively.

(15) **Net Assets With Donor Restrictions**

The nature of net assets with donor restrictions, is as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Campaign for George Street Playhouse	\$ -	\$4,566,757
Website & software	45,724	-
Touring program	14,711	-
Matinee program	14,711	-
Endowment restricted in perpetuity	<u>336,934</u>	<u>336,934</u>
	<u>\$412,080</u>	<u>\$4,903,691</u>

Net assets released from donor imposed restrictions by incurring expenses satisfying the restricted purpose are as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Campaign for George Street Playhouse	\$4,595,261	\$600,000

Net assets relating to the Campaign for George Street Playhouse carry donor-imposed restrictions relating to the Company's move from downtown New Brunswick to temporary space and back to the New Brunswick Performing Arts Center. The campaign and the moves concluded during the year ended June 30, 2023.

Net assets relating to the endowment restricted in perpetuity, established in 2002, consist of contributions received with donor-imposed restrictions, specifying the gift is to be held in perpetuity and invested by the Company. The income from the fund is to be expended on operations. The historic dollar value of those contributions must be maintained inviolate. The donor-restricted endowment fund is invested in cash and certificates of deposit.

Management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require standard care that is reasonable and prudent over its endowed funds. The Company classifies net assets with donor restrictions to be maintained in perpetuity at the original value of the gifts. Investment earnings on those funds are available for general expenditure.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

(16) **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, are as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$3,073,626	\$4,165,904
Certificate of deposit	200,020	200,020
Accounts & pledges receivable	<u>207,316</u>	<u>2,117,127</u>
Financial assets	3,480,962	6,483,051
Less:		
Net assets with restrictions	<u>412,080</u>	<u>4,903,691</u>
Financial assets available for general expenditure	<u>\$3,068,882</u>	<u>\$1,579,360</u>

As part of the Company's liquidity management plan, cash in excess of daily requirements is invested in interest-bearing demand deposits. Additionally, the Company has an available line of credit in the amount of \$300,000 to assist with cash flow requirements (see Note 8).

(17) **Government Grants**

For the years ended June 30, 2023 and 2022, government grant income is comprised of the following;

	<u>2023</u>	<u>2022</u>
New Jersey State Council on the Arts	\$213,700	\$ 213,714
Arts Institute of Middlesex County	405,000	450,000
United States Shuttered Venues Operators	-	1,038,444
United States Employee Retention	<u>295,945</u>	<u>121,404</u>
	<u>\$914,645</u>	<u>\$1,823,562</u>

(18) **Subsequent Events**

The Company has evaluated the need for adjustments resulting from subsequent events through January 29, 2024, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of as of June 30, 2023.

GEORGE STREET PLAYHOUSE, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
 YEAR ENDED JUNE 30, 2023

Grantor				Award		Period
Pass-through Grantor				<u>Amount</u>		<u>Expenditures</u>
	<u>Program Title</u>	<u>Contract Number</u>	<u>Grant Period</u>			
	New Jersey State Council on the Arts					
	General Operating Support	2304X010076	7/1/22-6/30/23	\$ 213,714	\$	213,714

See independent auditor's report and notes to schedule of expenditures of state financial awards.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
YEAR ENDED JUNE 30, 2023

(1) **Basis of Presentation**

The accompanying schedule of expenditures of state awards includes the government grant activity of George Street Playhouse, Inc. (The Company) and is presented on the accrual basis of accounting. The information is presented in accordance with *Government Auditing Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Company, it is not intended to and does not present the financial position, change in net assets or cash flows of the Company.

(2) **Summary of Significant Accountant Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting.

(3) **Contingencies**

Grant monies received and disbursed by the Company are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on the financial position of the Company. There were no material questioned or disallowed costs as a result of grant reviews in process or completed.

(4) **Noncash Assistance**

The Company did not receive any state noncash assistance for the year ended June 30, 2023.



INDEPENDENT AUDITOR'S
REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
George Street Playhouse, Inc.
New Brunswick, New Jersey

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of George Street Playhouse, Inc., as of and for the year ended June 30, 2023 and the related notes to the financial statements and have issued my report thereon dated January 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered George Street Playhouse, Inc.'s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I do not express an opinion on the effectiveness of George Street Playhouse Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

James M. Wood, Certified Public Accountant
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jmwood@jmwoodcpa.com

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 29, 2024
Hillsborough, NJ

James M. Wood, CPA