

GEORGE STREET PLAYHOUSE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of George Street Playhouse, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 federal and state 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 federal and state 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 my report dated September 21, 2022 on my consideration of the Company's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 Company's internal control over financial reporting and compliance.

James M. Wood, CPA

September 21, 2022
Hillsborough, NJ

GEORGE STREET PLAYHOUSE, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash	\$ 4,165,904	\$ 4,371,834
Certificate of deposit	200,020	200,053
Grants & accounts receivable, net of allowance for doubtful accounts of \$11,400	731,200	236,229
Pledges receivable	1,385,927	2,641,335
Prepaid expenses	96,164	529,085
	6,579,215	7,978,536
Property & equipment, net of accumulated depreciation	301,160	270,563
Other assets		
Deposits	15,933	15,933
	\$ 6,896,308	\$ 8,265,032
Liabilities & Net Assets		
Liabilities		
Accounts payable	\$ 171,621	\$ 202,532
Accrued payroll & payroll tax	2,794	2,501
Revenue received in advance		
Subscriptions & tickets	458,906	474,353
Grants received with conditions	192,464	766,063
Loan payable to Small Business Administration	-	286,522
Naming pledge commitments	276,199	597,620
	1,101,984	2,329,591
Net assets		
Without Donor Restrictions		
Undesignated	890,633	418,668
Board designated	-	255,703
	890,633	674,371
With Donor Restrictions		
	4,903,691	5,261,070
	5,794,324	5,935,441
	\$ 6,896,308	\$ 8,265,032

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021		Total	2022		2021		Total
	Production	General & Administrative	Fund Raising	Total		Production	General & Administrative	Fund Raising	Total	
Salaries	\$ 1,951,803	\$ 199,086	\$ 203,237	\$ 2,354,126	\$ 892,922	\$ 174,690	\$ 159,198	\$ 1,226,810		
Payroll taxes	289,413	26,349	17,672	333,434	90,708	5,632	23,508	119,848		
Employee benefits	238,141	70,250	22,029	330,420	166,412	36,385	17,113	219,910		
	<u>2,479,357</u>	<u>295,685</u>	<u>242,938</u>	<u>3,017,980</u>	<u>1,150,042</u>	<u>216,707</u>	<u>199,819</u>	<u>1,566,568</u>		
Direct production	1,431,844	-	-	1,431,844	235,985	-	-	235,985		
Royalties	33,486	-	-	33,486	16,773	-	-	16,773		
Theater payroll	17,981	-	-	17,981	314	-	-	314		
Marketing	246,908	-	-	246,908	133,833	-	-	133,833		
Production supplies	31,008	-	-	31,008	13,033	-	-	13,033		
Insurance	72,935	8,683	5,210	86,828	50,773	6,044	3,627	60,444		
Telephone	946	600	-	1,546	913	600	-	1,513		
Repairs & maintenance	13,944	433	-	14,377	16,211	-	-	16,211		
Outside services	1,002,215	134,752	2,250	1,139,217	158,493	56,464	8,250	223,207		
Miscellaneous	7,909	1,071	-	8,980	3,120	831	-	3,951		
Accommodations & travel	223,596	259	-	223,855	57,777	-	-	57,777		
Office expenses	42,442	28,323	35,777	106,542	45,866	11,858	34,600	92,324		
Dues & subscriptions	13,943	-	-	13,943	8,301	-	-	8,301		
Professional fees	-	38,108	-	38,108	-	27,835	-	27,835		
Interest	-	209	-	209	-	3,767	-	3,767		
Rent & utilities	-	128,760	-	128,760	173,678	37,502	-	211,180		
Credit card & bank charges	10,597	1,413	630	12,640	25,216	1,449	928	27,593		
Tour/education program	58,828	-	-	58,828	315,414	-	-	315,414		
Building transition expenses	18,045	-	-	18,045	11,039	-	-	11,039		
Donated materials	21,930	-	1,794	23,724	-	160	1,285	1,445		
& services	6,661	-	-	6,661	1,682	-	-	1,682		
Accessibility services	-	-	-	-	-	-	-	-		
Total expenses before depreciation	6,000,446	638,296	288,599	6,927,341	2,418,463	363,217	248,509	3,030,189		
Depreciation	63,355	10,059	1,637	75,051	40,925	11,890	1,936	54,751		
Total expenses	<u>\$ 6,063,801</u>	<u>\$ 648,355</u>	<u>\$ 290,236</u>	<u>\$ 7,002,392</u>	<u>\$ 2,459,388</u>	<u>\$ 375,107</u>	<u>\$ 250,445</u>	<u>\$ 3,084,940</u>		

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (141,117)	\$ 1,229,556
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	75,051	54,751
Pledges received with restrictions	(238,988)	(140,144)
Small Business Administration loan recognized as income	(286,522)	(726,049)
(Increase) decrease in		
Grants and accounts receivable	(494,971)	(106,841)
Prepaid expenses	432,921	31,462
Increase (decrease) in		
Accounts payable	(30,911)	(3,496)
Accrued payroll & payroll tax	293	(30,420)
Revenue received in advance	(15,447)	(143,466)
Grants received with conditions	(573,599)	(146,365)
	<u>(1,273,290)</u>	<u>18,988</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from maturity of certificate of deposit	200,053	200,200
Acquisition of certificate of deposit	(200,020)	(200,053)
Acquisition of property & equipment	(105,648)	(12,616)
	<u>(105,615)</u>	<u>(12,469)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Collections on pledges receivable with restrictions	1,455,000	1,597,658
Remittance to New Brunswick Performing Arts Center	(282,025)	(341,207)
Repayment of line of credit	-	(300,000)
Proceeds from Small Business Administration loan	-	591,550
	<u>1,172,975</u>	<u>1,548,001</u>
Net cash provided by financing activities		
Net increase (decrease) in cash & cash equivalents	(205,930)	1,554,520
Cash		
Beginning of year	<u>4,371,834</u>	<u>2,817,314</u>
End of year	<u>\$ 4,165,904</u>	<u>\$ 4,371,834</u>
Supplemental Disclosure:		
Cash paid for interest	\$ 209	\$ 3,767

See accompanying notes to financial statements.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

(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 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.
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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 2021 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, 2019 through 2022 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.

New accounting pronouncements

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance, lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

(3) **Certificate of Deposit**

As of June 30, 2022, the Company holds one certificate of deposit of \$200,020 bearing interest at .02% and maturing on January 1, 2023. As of June 30, 2021, the Company held one certificate of deposit of \$200,053 bearing interest at .02% which matured on January 1, 2022.

(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 and 2021, pledges receivable are as follows:

	<u>2022</u>	<u>2021</u>
Gross pledges receivable	\$1,405,000	\$2,860,375
Less unamortized discount	<u>19,073</u>	<u>76,040</u>
Present value of pledges	1,385,927	2,784,335
Less reserve for uncollectible pledges	<u>-</u>	<u>143,000</u>
Net pledges receivable	<u>\$1,385,927</u>	<u>\$2,641,335</u>

As of June 30, 2022, gross pledges receivable in future years, based on donor pledge payment schedules, are as follows for years ending June 30:

2023	<u>\$1,405,000</u>
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(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, 2022 and 2021 respectively, the net liability due to NBPAC is as follows:

	<u>2022</u>	<u>2021</u>
Gross amount due to NBPAC	\$280,000	\$644,595
Less unamortized discount	<u>3,801</u>	<u>14,745</u>
Present value of amount due NBPAC	276,199	629,850
Less reserve for uncollectible pledges	<u>-</u>	<u>32,230</u>
Net liability	<u>\$276,199</u>	<u>\$597,620</u>

Gross amounts due to NBPAC will be payable as follows in future years ending June 30 based on anticipated collections from donors:

2023	<u>\$280,000</u>
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GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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(6) Pledge Revenue

Pledge revenue recognized during the years ended June 30, 2022 and 2021 relating to the Campaign for George Street Playhouse is recorded as follows:

	<u>2022</u>	<u>2021</u>
Gross pledges received	\$ -	\$ 3,000
Adjustments:		
Amortization of discount	56,967	20,167
Recovery of allowance for uncollectible pledges	143,000	19,451
Net liability due to NBPAC	<u>39,021</u>	<u>97,526</u>
Net pledge revenue	<u>\$238,988</u>	<u>\$140,144</u>

(7) Property & Equipment

Property & equipment at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Office equipment	\$118,005	\$104,455
Capital improvements	32,409	32,409
Theater equipment	<u>764,526</u>	<u>713,556</u>
	914,940	850,420
Less accumulated depreciation	<u>613,780</u>	<u>579,857</u>
	<u>\$301,160</u>	<u>\$270,563</u>

(8) Lines of Credit

Letter of credit - Amboy Bank

The Company maintains a letter of credit in the of 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, 2023.

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 \$200,000 certificate of deposit; the line matures on December 12, 2022. As of June 30, 2022 and 2021, outstanding advances were \$0.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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(9) **Small Business Administration Loans**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which has spread throughout the United States. In response to the pandemic, the United States Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES) which provides direct economic assistance and loans to business entities. In May 2020, the Company received a loan of \$608,100 under the Paycheck Protection Program (PPP) which is a component of the CARES Act. The Company met the forgiveness criteria for the loan balance; \$421,021 was recognized as income during the year ended June 30, 2021.

The Company received a second 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) in February 2021. The Company met the forgiveness criteria for the entire loan balance which was recognized as income of \$286,522 and \$305,028 during the years ended June 30, 2022 and 2021, respectively.

GEORGE STREET PLAYHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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(10) **Operating Leases**

1470 Jersey Avenue

The Company leases space for its scene-shop located at 1470 Jersey Avenue, North Brunswick, New Jersey, expiring in August 2023. Monthly lease payments are \$7,667 through August 2023.

Administrative space

The company leases its administrative office space in downtown New Brunswick from Middlesex County. The initial lease expires in October 2024 with monthly lease payments of \$10,025. The lease is extended, expiring in October 2025, due to a COVID-related moratorium on lease payments from April 2020 through March 2021.

46 Paterson Street

The Company leases a costume storage space in New Brunswick. The terms of the lease call for monthly payments of \$1,350; the lease expires June 30, 2023.

Office equipment

The Company leases a copier under an operating lease. The terms of the lease call for monthly payments of \$194 for sixty months; the lease expires in October 2024. The Company also leases a postage meter with quarterly payments of \$390; the lease expires in December 2024.

285 George Street

The Company leases an apartment in New Brunswick for its guest artists. The terms of the lease call for monthly payments of \$1,547; the lease expired June 30, 2022 and has been extended.

Minimum future base rental payments for years ending June 30 are:

2023	\$251,551
2024	142,714
2025	122,154
2026	<u>40,100</u>
	<u>\$556,519</u>

Rent expense for the years ended June 30, 2022 and 2021 totaled \$271,326 and \$169,211, respectively.

(11) **Related Parties**

Beginning in October 2019, 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.

GEORGE STREET PLAYHOUSE, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2022 AND 2021

(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, 2022 and 2021.

(14) Insured Deposits

As of June 30, 2022, cash exceeding federally insured limits in six depository institutions totaled \$1,959,991. As of June 30 2021, cash exceeding federally insured limits in five depository institutions totaled \$2,141,292.

(15) Net Assets

Board designated net assets

During the years ended June 30, 2022 and 2021, the Company designated \$0 and \$255,703, respectively as an addition to the Campaign for George Street Playhouse.

With Donor Restrictions

The nature of net assets with donor restrictions, is as follows as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Campaign for George Street Playhouse	\$4,566,757	\$4,924,136
Endowment restricted in perpetuity	<u>336,934</u>	<u>336,934</u>
	<u>\$4,903,691</u>	<u>\$5,261,070</u>

Net assets released from donor imposed restrictions by incurring expenses satisfying the restricted purpose are as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Campaign for George Street Playhouse	<u>\$600,000</u>	<u>\$_____</u>

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.

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, 2022 AND 2021

(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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$4,165,904	\$4,371,834
Certificate of deposit	200,020	200,053
Grants & accounts receivable	731,200	236,229
Pledges receivable	<u>1,385,927</u>	<u>2,641,335</u>
Financial assets	6,483,051	7,449,451
Less:		
Net assets with restrictions	<u>4,903,691</u>	<u>5,261,070</u>
Financial assets available for general expenditure	<u>\$1,579,360</u>	<u>\$2,188,381</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, 2022 and 2021, government grant income is comprised of the following;

	<u>2022</u>	<u>2021</u>
New Jersey State Council on the Arts	\$ 213,714	\$231,920
Arts Institute of Middlesex County	450,000	447,557
United States Shuttered Venues Operators	1,038,444	-
United States Employee Retention	121,404	-
National Endowment for the Humanities	-	70,000
State of New Jersey COVID Relief	-	91,233
State of New Jersey - Education	-	<u>15,500</u>
	<u>\$1,823,562</u>	<u>\$856,210</u>

(18) Risks and Uncertainties

The COVID-19 pandemic has created, and may continue to create, significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact the Company's operations.

(19) Subsequent Events

The Company has evaluated the need for adjustments resulting from subsequent events through September 21, 2022, 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, 2022.

GEORGE STREET PLAYHOUSE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 YEAR ENDED JUNE 30, 2022

Grantor	Pass-through Grantor	Program Title	Contract Number	Grant Period	Award Amount		Period Expenditures		
					Federal	State	Federal	State	Total
Federal	CFDA								
		New Jersey State Council on the Arts	45.025 C-2204X010029	7/1/21-6/30/22	\$ 80,344	\$ 133,370	\$ 213,714	\$ 133,370	\$ 213,714
		General Operating Support							
					\$ 80,344	\$ 133,370	\$ 213,714	\$ 133,370	\$ 213,714
					<u>1,038,444</u>	<u>-</u>	<u>1,038,444</u>	<u>-</u>	<u>1,038,444</u>
		U.S. Small Business Administration	59.075 SBAHQ21SV002255.3	7/1/21-6/30/22	\$ 1,118,788	\$ 133,370	\$ 1,252,158	\$ 133,370	\$ 1,252,158
		Shuttered Venue Operators							
					<u>1,118,788</u>	<u>133,370</u>	<u>1,252,158</u>	<u>133,370</u>	<u>1,252,158</u>

GEORGE STREET PLAYHOUSE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
YEAR ENDED JUNE 30, 2022

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards include the federal and state awards of the Company under programs of the federal and state government for the year ended June 30, 2022. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey, Policy Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (Circular 15-08-OMB). 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.

Cluster

Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance.

Indirect cost rate

The Company did not elect to use the 10% de minimis US indirect cost rate.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **Federal Pass-through Funds**

The Company is the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as pass-through funds.

(4) **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.

(5) **Noncash Assistance**

The Company did not receive any federal noncash assistance for the year ended June 30, 2022.



**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, 2022 and the related notes to the financial statements and have issued my report thereon dated September 21, 2022.

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*.

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.

James M. Wood, CPA

September 21, 2022
Hillsborough, NJ



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

I have audited George Street Playhouse, Inc.'s (the Company) compliance with the types of compliance requirements identified as subject to audit in *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended June 30, 2022. The Company's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, George Street Playhouse, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2022.

Basis of Opinion on Each Major Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major program. My audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Company's programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of each major program as whole.

In performing an audit in accordance with generally accepted auditing standards, *Government auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Company's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James M. Wood, CPA

September 21, 2022
Hillsborough, NJ

GEORGE STREET PLAYHOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified?	<u> </u>	Yes	<u> x </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> x </u>	No

Noncompliance material to the financial statements noted?	<u> </u>	Yes	<u> x </u>	No
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Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u>	Yes	<u> x </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> x </u>	None reported

Type of auditor's report issued on compliance for federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	<u> </u>	Yes	<u> x </u>	No
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Identification of major federal programs:

<u>CFDA #</u>	<u>Name of Federal Program</u>
59.075	Shuttered Venue Operators

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee:	<u> </u>	Yes	<u> x </u>	No
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Section II - Financial Statement Findings

No matters reported

Section III - Findings and Questioned Costs for Federal Awards

No matters reported.