

**SU THEATRE CORPORATION**  
(d/b/a Syracuse Stage)

Financial Statements

June 30, 2020 and 2019

Together with Independent Auditors' Report

**Bonadio & Co., LLP**  
Certified Public Accountants

**SU THEATRE CORPORATION**  
(d/b/a Syracuse Stage)  
Notes to Financial Statements  
June 30, 2020 and 2019

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## **INDEPENDENT AUDITOR'S REPORT**

October 27, 2020

To the Board of Trustees of  
SU Theatre Corporation (d/b/a Syracuse Stage):

We have audited the accompanying financial statements of SU Theatre Corporation (d/b/a Syracuse Stage) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

***Auditor's Responsibility (Continued)***

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SU Theatre Corporation (d/b/a Syracuse Stage) as of June 30, 2020 and 2019, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Statements of Financial Position

June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Current assets:		
Cash and cash equivalents	\$ 2,015,847	\$ 1,110,432
Short-term investments	122,188	116,359
Accounts receivable, net	30,897	11,098
Pledges receivable, net	5,793	4,750
Operating grants receivable, net	—	24,025
Syracuse University receivable	34,400	—
Prepaid expenses and other assets	146,013	239,344
Total current assets	2,355,138	1,506,008
Investments held by Syracuse University	1,400,519	1,423,621
Property and equipment, net	281,889	315,557
Total assets	\$ <u>4,037,546</u>	\$ <u>3,245,186</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 32,579	\$ 110,319
SBA PPP Funding	728,345	—
Payable to Syracuse University	—	21,163
Deferred revenue	983,052	1,041,212
Total current liabilities	1,743,976	1,172,694
Net assets:		
Without donor restrictions	1,340,275	1,284,047
With donor restrictions	953,295	788,445
Total net assets	2,293,570	2,072,492
Total liabilities and net assets	\$ <u>4,037,546</u>	\$ <u>3,245,186</u>

The accompanying notes are an integral part of these statements.

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## Statements of Activities

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions:		
Revenues:		
Ticket sales	\$ 1,712,496	\$ 2,391,784
Co-Production Revenue	347,432	28,680
Concessions	120,777	168,539
Interest and investment income	51,311	49,854
Production service	44,760	43,881
Program advertising	49,879	85,607
Education	11,082	11,450
Miscellaneous	61,008	87,863
Grants and donations	3,382,093	3,137,458
In-kind contributions and donated goods and services	702,674	817,472
Fundraising events	111,504	143,863
Net assets released from donor restrictions	74,150	101,033
Total revenues	<u>6,669,166</u>	<u>7,067,484</u>
Expenses:		
Program Service	4,830,327	5,068,980
Management & General	1,468,525	1,476,795
Fundraising	296,813	367,830
Total expenses	<u>6,595,665</u>	<u>6,913,605</u>
Change in net assets without donor restrictions		
before unrealized change in fair value of investments	73,501	153,879
Unrealized change in fair value of investments	<u>(17,273)</u>	<u>41,420</u>
Change in net assets without donor restrictions	<u>56,228</u>	<u>195,299</u>
Change in net assets with donor restrictions:		
Contributions	239,000	74,150
Released from donor restrictions	<u>(74,150)</u>	<u>(101,033)</u>
Change in net assets with donor restrictions	<u>164,850</u>	<u>(26,883)</u>
Change in net assets	221,078	168,416
Net assets, beginning of year	2,072,492	1,904,076
Net assets, end of year	<u>\$ 2,293,570</u>	<u>\$ 2,072,492</u>

The accompanying notes are an integral part of these statements.

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Statements of Functional Expense

Years ended June 30, 2020 and 2019

Expense Categories	2020				2019			
	Total Expense	Program Service Expense	Management & General Expense	Fundraising Expense	Total Expense	Program Service Expense	Management & General Expense	Fundraising Expense
Director, Designers, etc. Fees	\$ 199,631	\$ 199,631	\$ —	\$ —	\$ 231,973	\$ 231,973	\$ —	\$ —
Compensation, Salaries, Wages	3,143,021	2,093,240	909,067	140,714	3,165,058	2,099,510	904,086	161,462
Pension Plans	171,247	103,601	60,073	7,573	172,413	101,989	60,613	9,811
Other Benefits	358,174	256,632	83,605	17,937	335,770	235,118	86,847	13,805
Payroll Taxes	298,120	201,228	83,668	13,224	332,084	246,105	70,590	15,389
Fees for Legal Services	3,767	—	3,767	—	11,458	—	11,458	—
Fees for Account & Payroll Services	34,123	—	34,123	—	32,609	—	32,609	—
Other Fees for Service	1,362	—	1,362	—	955	—	955	—
Advertising & Promotions	300,810	300,810	—	—	387,868	387,868	—	—
Office Supplies, Telephone, Postage, etc.	201,497	88,882	83,710	28,905	205,953	87,461	89,731	28,761
Information Technology Equipment & Services	54,258	—	54,258	—	56,445	—	56,445	—
Royalties	201,266	201,266	—	—	243,902	243,902	—	—
Occupancy	101,186	70,830	20,237	10,119	116,283	81,398	23,257	11,628
Travel	298,336	282,718	15,618	—	290,957	282,999	7,131	827
Depreciation	71,887	62,209	9,678	—	74,819	66,602	8,217	—
Insurance	3,000	—	3,000	—	3,169	—	3,169	—
Production Supplies & Materials	379,759	379,759	—	—	312,012	312,012	—	—
Casting	36,022	36,022	—	—	60,278	60,278	—	—
Education Programs	25,499	25,499	—	—	16,677	16,677	—	—
Accessibility & Open Captioning	3,145	3,145	—	—	10,773	10,773	—	—
In-kind	702,674	524,855	106,359	71,460	817,472	604,315	121,687	91,470
Fundraising Events	6,881	—	—	6,881	34,677	—	—	34,677
	<u>\$ 6,595,665</u>	<u>\$ 4,830,327</u>	<u>\$ 1,468,525</u>	<u>\$ 296,813</u>	<u>\$ 6,913,605</u>	<u>\$ 5,068,980</u>	<u>\$ 1,476,795</u>	<u>\$ 367,830</u>

The accompanying notes are an integral part of these statements.

**SU THEATRE CORPORATION**

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## Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 221,078	\$ 168,416
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,887	74,819
Bad debt expense	8	110
Unrealized change in fair value of investments held by Syracuse University	23,102	(35,408)
Unrealized change in fair value of short-term investments	(5,829)	(6,012)
Changes in operating assets and liabilities:		
Accounts receivable	(19,799)	(7,517)
Pledges receivable	(1,043)	3,564
Operating grants receivable	24,025	(4,346)
Syracuse University receivable	(34,400)	—
Prepaid expenses and other assets	93,331	51,547
Accounts payable and accrued expenses	(77,740)	75,457
SBA PPP Funding	728,345	—
Payable to Syracuse University	(21,163)	(19,800)
Deferred revenue	(58,160)	221,376
Net cash provided by operating activities	<u>943,642</u>	<u>522,206</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(38,227)</u>	<u>(78,159)</u>
Net cash used in investing activities	<u>(38,227)</u>	<u>(78,159)</u>
Net increase in cash and cash equivalents	905,415	444,047
Cash and cash equivalents:		
Beginning of year	<u>1,110,432</u>	<u>666,385</u>
End of year	<u>\$ 2,015,847</u>	<u>\$ 1,110,432</u>

The accompanying notes are an integral part of these statements.



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

**(a) Description of Business**

Syracuse Stage (the Corporation) is the non-profit, professional theatre company in residence at Syracuse University. We are nationally recognized for creating stimulating theatrical work that engages Central New York, and for our significant contribution to the artistic life of Syracuse University, where we are a vital partner in achieving the educational mission of the University's Department of Drama.

**Our Mission:** Syracuse Stage tells stories that engage, entertain, and inspire us to see life beyond our own experience.

**Our Vision:** Reimagining what's possible for regional theater – through active inclusion, innovative outreach, and bold productions – Syracuse Stage shapes the culture and social vitality of Central New York, enriches the Syracuse University student experience, and fosters change in ourselves, our communities, and our world.

**Our Core Values:**

***People*** – Actively including diverse individuals, communities, ideas & perspectives.

***Passion*** – Commitment to integrity, excellence and enthusiasm in our work.

***Curiosity*** – Fostering an innovative and adaptive environment that elicits wonder.

**(b) Basis of Presentation**

The Corporation's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, which addresses the presentation of financial statements for not-for-profit entities. Accordingly, the Corporation's financial position and activities are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Corporation are classified as follows:

**Net Assets Without Donor Restrictions** – Net assets without donor restrictions include resources, which are available for the support of the Corporation's operating activities. In addition, they include resources set aside by the Board of Directors for endowment purposes, over which the Board retains control and may at its discretion subsequently use for other purposes.

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**Net Assets With Donor Restrictions** – Net assets with donor restrictions include those resources, whose use by the Corporation is limited by donor imposed stipulations that expire; donor imposed stipulations that do not expire; and donor imposed stipulations that can be fulfilled or removed by actions of the Corporation pursuant to those stipulations. In the case where the donor imposed stipulation does not expire, generally the donors of these assets permit the Corporation to use all or part of the investment return from these assets to support program activities.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from donor restrictions between the applicable classes of net assets.

**(c) Cash and Cash Equivalents**

Investments acquired with an original maturity date of three months or less are reported as cash equivalents, unless they are part of long-term investment funds.

**(d) Investments**

Investments are reported at estimated fair value. Fair values for investments that are in the long-term investment pool are reported by Syracuse University (the University) at the unit fair value. The unit fair value for the pool is used to account for pool transactions and as a practical expedient to estimate the fair value of the Corporation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from unit fair value. As of June 30, 2020 and 2019, the Corporation had no specific plans or intentions to sell investments at amounts different than unit fair value. The Corporation believes the carrying amounts of these financial instruments are reasonable estimates of fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed.

**(e) Fair Value Measurements**

The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Corporation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following

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fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Investments reported at net asset value or its equivalent (NAV) as a practical expedient to estimated fair value are not classified in the fair value hierarchy.

**(f) *Accounts and Pledges Receivable***

Accounts and pledges receivable represent amounts owed to the Corporation from organizations, businesses and individuals. It is the Corporation's policy to write off uncollectible receivables when management determines that the receivable will not be collected. Accounts receivable are shown net of allowances for doubtful accounts of \$1,626 and \$584 at June 30, 2020 and 2019, respectively. Pledges receivable, which are generally due in one year or less, are shown net of allowances of \$305 and \$250 for June 30, 2020 and 2019, respectively.

**(g) *Operating Grants Receivable***

Operating grants receivable represent the balance on grants from governmental entities and foundations. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Corporation has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received. Grants are shown net of allowances of \$0 and \$1,265 at June 30, 2020 and 2019, respectively.

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### **(h) Property and Equipment**

Property and equipment are stated at cost. Depreciation on plant and equipment is calculated on the straight-line method over the estimated useful lives of the related assets.

General infrastructure/public spaces	7 – 10 years
Electrical systems	15 years
Theatre seats	15 years
Theatre equipment	3 – 5 years
Leasehold improvements	7 – 15 years
Production equipment	5 – 10 years
Vehicles	5 – 7 years
Computer hardware	3 – 5 years

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Corporation first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

### **(i) Revenue Recognition**

ASC 606 outlines a five-step framework for recognizing revenue from exchange transactions. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Corporation's accounting policy related to revenues subject to ASC 606 as set forth below.

In-kind Revenue - In-kind contributions and donated goods and services consist of insurance, rent, custodial, building maintenance, legal services, fundraising materials, advertising, and auction items that were donated to the Corporation. Donated services and in-kind contributions are recorded as revenues and corresponding expenses at fair value in the year services are performed or goods are provided.

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Ticket Sales – The Corporation recognizes revenue from tickets sales from patrons at the point in time the performance or event occurs

Concessions – Revenue from concession sales is recognized at a point in time when the concession items are purchased by the patrons.

Fundraising Events – The Corporation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant attending and a portion represents a contribution to the Corporation. The fair value of meals and entertainment provided at these events is measured at the actual cost to the Corporation. The contribution component is the excess of the gross proceed over the fair value of the direct donor benefit. The direct costs of the fundraising events, which ultimately benefit the donor rather than the Corporation, are recorded as costs of direct donor benefits in the statements of activities. Fundraising event fees collected by the Corporation in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as fundraising revenue after delivery of the event. For fundraising event fees received before year-end for an event to occur after year-end, the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Deferred Revenue – Deferred revenue, a contract liability, is recorded for program revenue received from exchange transactions in which performance obligations have not been met.

**(j) Allocation of Certain Expenses**

The cost of providing the various programs have been summarized on a functional basis in the statements of functional expenses. The costs are functionalized on a direct basis where possible; and certain categories of expenses, occupancy and in-kind occupancy, which are attributable to more than one program or supporting multiple functions are allocated based on employee function.

**(k) Advertising Costs**

Advertising costs are expensed in the year they are associated with. Barter transactions (revenue and expense) are recognized in the Statements of Activities at fair value of the advertising surrendered which approximates the amount of advertising received. The revenues recorded for barter transactions is recorded within in-kind contributions and donated goods and services with the associated expense recorded within marketing,

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education and fundraising within the Statements of Activities. Advertising expense was \$301,902 and \$387,868 for the years ended June 30, 2020 and 2019, respectively.

### **(l) Income Taxes**

The Corporation is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. In addition, the Corporation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Corporation believes it has taken no significant uncertain tax positions.

### **(m) Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those amounts. Significant estimates made in the preparation of these financial statements include the allowances for receivables, the valuation of in-kind gifts, investments, and useful lives of property and equipment.

### **(n) Changes in Accounting Principles**

#### ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Corporation adopted ASC 606 as of July 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets.

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ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

During 2019, the Corporation adopted ASU 2018-08. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore, had no effect on the financial position or results of operations for the year ended June 30, 2020. In fiscal 2020, there was no material effect on total net assets or changes in net assets.

**(2) Liquidity**

The Corporation has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation has a \$70,000 committed line of credit which could be drawn upon in the event of an unanticipated liquidity need.

The Corporation's financial assets as of June 30, 2020 do not include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

The Corporation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,015,847	\$ 1,110,432
Short-term Investments	122,188	116,359
Accounts Receivable	30,897	11,098
Pledges Receivable	5,793	4,750
Operating Grants Receivable	—	24,025
Syracuse University Receivable	<u>34,400</u>	<u>—</u>
Total financial assets available within one year	\$ <u>2,209,125</u>	\$ <u>1,266,664</u>

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**(3) Related-Party Transactions**

Syracuse University contributes to the support of the Corporation by directly paying certain operating expenses, which totaled \$612,257 and \$574,186 in fiscal years ended 2020 and 2019, respectively. The University also allows the rent-free use of the Regent Theatre Complex, valued at \$316,506 and \$358,667 in fiscal years ended 2020 and 2019, respectively, recognized as part of in-kind contributions and donated goods and services. See note 10.

The University provided funding of \$1,786,037 recognized in grants and donations on the statements of activities in fiscal years ended 2020 and 2019, respectively. If the University were to reduce this funding it could have a material adverse effect on the Corporation's results of operations and financial position.

**(4) Investments**

The investment objective of the Corporation is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. In order to accomplish this objective, the Corporation's long-term investments are held and managed by the University in a long-term investment pool. The University diversifies these investments among asset classes by incorporating several strategies and managers. The Corporation has the ability to redeem these investments on demand.

The June 30, 2020 and 2019, unit fair values for the pooled investments were \$461.88 and \$469.50, respectively, and the distributions of investment income to the Corporation were \$50,850 and \$49,091 in fiscal years ended 2020 and 2019, respectively.

In addition to the long-term investments managed by the University, the Corporation invests in a mutual fund. Fair values for shares in registered mutual funds are based on share prices reported by the fund as of the last business day of the fiscal year and are classified in Level 1 of the fair value hierarchy.



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The Corporation's investments as June 30, 2020 and 2019 are summarized in the following table:

	2020		2019	
	Level 1	Total	Level 1	Total
Short-term investments, measured at fair value:				
Mutual fund	\$ <u>122,188</u>	\$ <u>122,188</u>	\$ <u>116,359</u>	\$ <u>116,359</u>
Investments held by Syracuse University, measured at net asset value		\$ <u>1,400,519</u>		\$ <u>1,423,621</u>

As of June 30, 2020 and 2019, the managed endowment investment pool of the University was invested as follows:

	2020	2019
Marketable equity securities	25.4%	31.7%
Fixed income	7.8	13.3
Real assets	5.3	8.1
Hedge funds	43.0	29.2
Private equity	18.5	17.7
	100.0%	100.0%

**(5) Endowment Funds**

The Corporation's endowment consists of five individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Corporation to function as endowments (quasi-endowments).

The Corporation invests its endowment with the University. The University employs asset allocation models having multiyear investment horizons, and it manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The University's spending policy is aligned with the asset allocation model and is designed to provide a stable level of financial support and to preserve the real value of its endowment. The University compares the performance of its investments against several benchmarks, including its asset allocation spending model policy index.

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The Corporation, in accordance with the approval of the Finance Committee of its Board of Directors, utilizes the amount of distribution received from the University for operating purposes.

The Corporation adheres to the New York State Prudent Management of Institutional Funds Act (NYPMIFA). The Corporation has interpreted NYPMIFA as allowing the Corporation to spend or accumulate the amount of an endowment fund that the Corporation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The Corporation has not changed the way net assets with donor restrictions in perpetuity are classified as a result of this interpretation and classifies as net assets with donor restrictions in perpetuity (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. The portion of a donor restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is required to be classified as net assets with donor restrictions until those amounts are appropriated for spending by the Finance/Administrative Operations Committee of the Corporation's Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Finance/Administrative Operations Committee of the Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Corporation and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Corporation
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of an endowment fund, giving due consideration to the effect that such alternatives may have on the Corporation
- The investment policies of the Corporation

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Endowment net assets consisted of the following at June 30:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted	\$ —	\$ 714,295	\$ 714,295
Quasi (board designated)	686,224	—	686,224
Total	<u>\$ 686,224</u>	<u>\$ 714,295</u>	<u>\$ 1,400,519</u>

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted	\$ —	\$ 714,295	\$ 714,295
Quasi (board designated)	709,326	—	709,326
Total	<u>\$ 709,326</u>	<u>\$ 714,295</u>	<u>\$ 1,423,621</u>

Changes in endowment net assets for the fiscal years ended June 30, 2020 and 2019 were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Net assets, June 30, 2019	\$ 709,326	\$ 714,295	\$ 1,423,621
Investment return	50,850	—	50,850
Unrealized gain	(23,102)	—	(23,102)
Distributions	(50,850)	—	(50,850)
Net assets, June 30, 2020	<u>\$ 686,224</u>	<u>\$ 714,295</u>	<u>\$ 1,400,519</u>

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	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Net assets, June 30, 2018	\$ 673,918	\$ 714,295	\$ 1,388,213
Investment return	49,091	—	49,091
Unrealized gain	35,408	—	35,408
Distributions	(49,091)	—	(49,091)
	<u>\$ 709,326</u>	<u>\$ 714,295</u>	<u>\$ 1,423,621</u>
Net assets, June 30, 2019	<u>\$ 709,326</u>	<u>\$ 714,295</u>	<u>\$ 1,423,621</u>

**(6) Property and Equipment**

Property and equipment consisted of the following at June 30:

	<b>2020</b>	<b>2019</b>
General infrastructure/public spaces	\$ 146,712	\$ 146,712
Electrical systems	307,594	307,594
Theatre seats	121,342	121,343
Theatre equipment	68,090	68,090
Leasehold Improvements/Theatre Reconfiguration	29,871	29,871
Production equipment	445,283	433,842
Vehicles	21,400	21,400
Computer hardware	99,856	82,295
	<u>1,240,148</u>	<u>1,211,147</u>
Less: accumulated depreciation	<u>(958,259)</u>	<u>(895,590)</u>
Total	<u>\$ 281,889</u>	<u>\$ 315,557</u>

Total depreciation expense for the years ended June 30, 2020 and 2019 was \$71,887 and \$74,819, respectively.

**(7) Commitments**

The Corporation is required to maintain a reserve of \$70,000 under a union contract with Actors' Equity Association. The reserve represents two weeks of the maximum actors and stage managers' payroll, pension and benefit costs for the applicable season.

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The Corporation has a \$70,000 line of credit with Manufacturers and Traders Trust Company (M&T Bank) with an annual expiration. As of June 30, 2020 and 2019, there were no amounts outstanding under this line of credit.

**(8) Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at June 30:

	<b>2020</b>	<b>2019</b>
Restricted in perpetuity	\$ 714,295	\$ 714,295
Time restricted:		
Individual donations	—	17,150
Organization donations	9,000	37,000
Foundation donations	230,000	20,000
Total time restricted net assets	239,000	74,150
Total net assets with donor restrictions	\$ 953,295	\$ 788,445

**(9) Benefit Plans**

Actors, directors, and designers employed by the Corporation are eligible to participate in the Equity League Pension Trust Fund, SDC League Pension Fund, and the United Scenic Artists Pension Fund. In accordance with the union agreements, the Corporation is required to contribute 8%, 8%, and 9.75%, respectively, of the members' gross earnings to the funds. The totals contributed by the Corporation amounted to \$44,895 and \$45,750 for the fiscal years ended June 30, 2020 and 2019, respectively.

The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Corporation chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, the Corporation may discuss and negotiate for the complete or partial withdrawal from one or more multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could

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be material to the Corporation's change in net assets in the period of the withdrawal. The Corporation has no plans to withdraw from its multiemployer pension plans.

Eligible, nonunion employees participate in a TIAA defined-contribution plan. Employer contributions under the plan, which were based on 3%, 7%, or 11% of qualifying payroll, based on years of service, amounted to \$126,351 and \$126,663 for the fiscal years ended June 30, 2020 and 2019, respectively.

**(10) Grants and Donations**

	<b>2020</b>	<b>2019</b>
Syracuse University		
General Funding	\$ 1,786,037	\$ 1,786,037
Operating Funding	612,257	574,186
Grants:		
New York State	25,500	31,000
Onondaga County	57,890	65,829
Foundations	246,773	198,050
Donations:		
Individuals	573,276	347,559
Corporations	79,360	132,297
Service organizations	1,000	2,500
Subtotal	3,382,093	3,137,458
In-kind contributions, donated goods and services	702,674	817,472
Total	\$ 4,084,767	\$ 3,954,930

**(11) Concentrations of Credit Risk**

The Corporation maintains its principal banking relationship with one financial institution. At times, the Corporation has deposit funds in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Corporation has not experienced losses in such accounts.

**(12) SBA – PPP Funding**

In April 2020, the Corporation entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which the Organization received \$728,345. This

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arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Corporation's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

The Corporation has elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. Ultimately, forgiveness will be adjudicated by the Bank and approved by the U.S. Small Business Administration. The final outcome of whether this arrangement will be forgiven has not been determined as of the date these financial statements were available to be issued. The Corporation expects this determination to be made during its fiscal year ended June 30, 2021.

These estimates, while considered reasonable as of the date the financial statements were available to be issued, are subject to change based on the Corporation's administration of its PPP arrangement subsequent to year-end.

Through June 30, 2020, the Corporation estimates that it administered the proceeds of its PPP arrangement and managed its staff complement in a manner that is consistent with the framework for forgiveness. The remaining balance of \$728,345 is recorded as SBA - PPP Funding on the accompanying statement of financial position as of June 30, 2020.

Under the terms of the PPP loan agreement, any balance related to this arrangement that is not ultimately forgiven will be repayable in monthly installments through April 2022, including interest at 1%.

**(13) Commitments and Contingencies**

COVID-19 relief funding streams are subject to review by governmental agencies and other funding sources. The outcome of these regulatory reviews and audits may have an effect on the amounts reported in the financial statements. The regulations and requirements related thereto are complex and as a result, there is at least a reasonable possibility that recorded amounts will change in the near term. In the event that the results of a subsequent audit or review indicate that an adjustment is required, the amount will be recognized in the period in which it can be reasonably estimated.

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**(14) Subsequent Events**

Novel Coronavirus

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has resulted in a significant economic impact to many organizations in the near term.

This pandemic pause affords us the opportunity to create something new and special for you. We've re-imagined what theatre can be; it's not a substitute for the magic of the live experience, but a reimagining of what makes theatre special. It's the opportunity to have experiences beyond the everyday, to wrestle with ideas that transcend the ordinary, to see our community in a new light, to share, even virtually, that rare moment when imagination takes flight as we explore our common humanity and purpose. Now, when we're so isolated, let's use technology to share experiences. Let's not throw up our hands and say see you when this pandemic is over. Let's use the core of our craft, our imagination, to do something now.

Three intertwined components make a start on our reimagined season. First, we'll build a bubble to produce three **virtual, fully-realized, mainstage productions** starting with Lanford Wilson's Pulitzer Prize winning romance, *Talley's Folly* in November. For the holidays, we'll partner with the Syracuse University Department of Drama to produce Lauren Gunderson and Margot Melcon's delightful Jane Austen riff, *Miss Bennet: Christmas at Pemberly*. And in January, Steve H. Broadnax III (*Thoughts of a Colored Man*) returns to direct Anna Deavere Smith's powerful and timely drama, *Twilight: Los Angeles 1992*. **All will be available online for you to enjoy at home.** Complementing the mainstage season and also delivered online is a **new interactive series, Syracuse Stories**. Here, we shine a light on stories, performances, and conversations that give us new insight into our lives in Central New York. October brings a partnership with the Auburn Public Theatre and the Harriet Tubman Troupe, to present *A Gatherin' Place*, a powerful and affirming story written and performed by local Black women and directed by Juhanna Rogers. We'll host and record insightful community **conversations led by 100 Black Men** and we'll broadcast a **reunion of the landmark Stage production, Tales from the Salt City**.

Finally, look for **enhanced and expanded Cold Read** experiences. Get in on the ground floor for new plays in development like *The Head of Richard*, an adaptation of *Richard III* by Syracuse Stage's new artist in residence, actor, playwright and military veterans' advocate Stephan Wolfert (*Cry Havoc, Pride and Prejudice*). Experience more new plays (like our recent online reading of Charles Martin's new translation of *Medea*) and enjoy our new *Cold Read*



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*SHORTs*, available online and featuring a diverse selection of bold, relevant, and exciting new work.

The overall impact of the emergency regulatory changes and the general National, State and Region economic turmoil caused by COVID-19 on the Corporation and their future results and financial position is not presently determinable.

Subsequent events have been evaluated through October 27, 2020, the date the financial statements were available to be issued.