A NOISE WITHIN

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

A NOISE WITHIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	**3**
STATEMENTS OF ACTIVITIES	**4**
STATEMENTS OF FUNCTIONAL EXPENSES	**6**
STATEMENTS OF CASH FLOWS	**8**
NOTES TO FINANCIAL STATEMENTS	**9**

INDEPENDENT AUDITORS' REPORT

Board of Directors
A Noise Within
Pasadena, California

We have audited the accompanying financial statements of A Noise Within, 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.

Auditors' 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 audits 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 auditors' 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 auditors consider 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.

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

Board of Directors
A Noise Within

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Noise Within as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
January 25, 2021

A NOISE WITHIN
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 1,024,613	$ 728,769
Contributions Receivable, Net of Allowance of $3,398	40,152	386,743
Prepaid Expenses and Other Assets	102,131	138,914
Deferred Compensation Investments	231,625	289,788
Property and Equipment, Net (Note 4)	10,725,295	11,033,647
Total Assets	$ 12,123,816	$ 12,577,861
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 74,019	$ 81,674
Deferred Revenue	383,210	399,831
Deferred Compensation Liability	231,625	289,788
Loans Payable (Note 5)	725,881	354,150
Total Liabilities	1,414,735	1,125,443
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,304,884	10,804,724
Board Designated - Plant Fund	295,182	312,867
Total Without Donor Restrictions	10,600,066	11,117,591
With Donor Restrictions (Note 6)	109,015	334,827
Total Net Assets	10,709,081	11,452,418
Total Liabilities and Net Assets	$ 12,123,816	$ 12,577,861

See Accompanying Notes to Financial Statements.

A NOISE WITHIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUES AND SUPPORT				
Revenues:				
Ticket Sales	$ 1,052,920	$ -	$ 1,052,920	$ 1,779,225
Education Programs	63,986	-	63,986	149,597
Other Income	80,080	-	80,080	89,422
	1,196,986	-	1,196,986	2,018,244
Support:				
Contributions and Grants	1,246,270	57,059	1,303,329	1,449,313
Special Event, Net	158,807	-	158,807	100,001
Interest Income	3,624	-	3,624	6,525
	1,408,701	57,059	1,465,760	1,555,839
Net Assets Released from Restrictions	282,871	(282,871)	-	-
Total Revenue and Support	2,888,558	(225,812)	2,662,746	3,574,083
EXPENSES				
Program:				
Theatre Productions	1,571,182	-	1,571,182	1,935,199
Education Programs	960,526	-	960,526	1,012,257
	2,531,708	-	2,531,708	2,947,456
Supporting Services:				
General and Administrative	258,139	-	258,139	224,039
Fundraising and Development	239,488	-	239,488	247,169
	497,627	-	497,627	471,208
Total Expenses Before Depreciation and Interest	3,029,335	-	3,029,335	3,418,664
Change in Net Assets Before Depreciation and Interest	(140,777)	(225,812)	(366,589)	155,419
Depreciation	(359,579)	-	(359,579)	(308,319)
Interest	(17,169)	-	(17,169)	(19,159)
CHANGE IN NET ASSETS	(517,525)	(225,812)	(743,337)	(172,059)
Net Assets – Beginning of Year	11,117,591	334,827	11,452,418	11,624,477
NET ASSETS – END OF YEAR	$ 10,600,066	$ 109,015	$ 10,709,081	$ 11,452,418

See Accompanying Notes to Financial Statements.

A NOISE WITHIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Revenues:			
Ticket Sales	$ 1,779,225	$ -	$ 1,779,225
Education Programs	149,597	-	149,597
Other Income	89,422	-	89,422
	2,018,244	-	2,018,244
Support:			
Contributions and Grants	1,137,808	311,505	1,449,313
Special Event, Net	100,001	-	100,001
Interest income	6,525	-	6,525
	1,244,334	311,505	1,555,839
Net Assets Released from Restrictions	132,813	(132,813)	-
Total Revenue and Support	3,395,391	178,692	3,574,083
EXPENSES			
Program:			
Theatre Productions	1,935,199	-	1,935,199
Education Programs	1,012,257	-	1,012,257
	2,947,456	-	2,947,456
Supporting Services:			
General and Administrative	224,039	-	224,039
Fundraising and Development	247,169	-	247,169
	471,208	-	471,208
Total Expenses Before Depreciation and Interest	3,418,664	-	3,418,664
Change in Net Assets Before Depreciation and Interest	(23,273)	178,692	155,419
Depreciation	(308,319)	-	(308,319)
Interest	(19,159)	-	(19,159)
NET CHANGE IN NET ASSETS	(350,751)	178,692	(172,059)
Net Assets – Beginning of Year	11,468,342	156,135	11,624,477
NET ASSETS – END OF YEAR	$ 11,117,591	$ 334,827	$ 11,452,418

See Accompanying Notes to Financial Statements.

A NOISE WITHIN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

	2020					
	Program Services					
	Theater Productions	Education Programs	Management and General	Fundraising	Total	2019 Total
Salaries and Benefits	$ 953,839	$ 564,370	$ 167,280	$ 202,509	$ 1,887,998	$ 2,017,656
Production Artistic and Technical Fees	95,037	46,817	80	80	142,014	184,521
Production Supplies, Material and Expenses	95,143	46,862	-	-	142,005	179,801
Royalties and Fees	35,744	17,605	-	-	53,349	90,372
Education Related Expenses	-	52,040	-	-	52,040	63,719
Marketing and Public Relations	160,673	111,650	404	11,459	284,186	254,313
Merchant and Bank Charges	44,183	26,510	8,837	8,837	88,367	98,838
Professional Fees	19,415	9,707	21,236	10,000	60,358	102,136
Utilities	60,517	30,259	10,086	-	100,862	100,589
Repairs and Maintenance	31,058	15,529	5,176	-	51,763	77,797
Insurance and Taxes	59,440	29,720	9,907	-	99,067	75,170
Office Expenses	16,133	9,457	35,133	6,603	67,326	173,752
Total Expenses Before Depreciation and Interest	$ 1,571,182	$ 960,526	$ 258,139	$ 239,488	$ 3,029,335	$ 3,418,664
Depreciation	$ 215,747	$ 107,874	$ 35,958	$ -	$ 359,579	$ 308,319
Interest	10,301	5,150	1,717	-	17,168	19,159
Total Expenses Before Special Events Costs	$ 1,797,230	$ 1,073,550	$ 295,814	$ 239,488	$ 3,406,082	$ 3,746,142
Special Events Costs	$ -	$ -	$ -	$ 7,995	$ 7,995	$ 28,741
Cost of Concessions Sales	15,715	-	-	-	15,715	28,452
Total Expenses	$ 1,812,945	$ 1,073,550	$ 295,814	$ 247,483	$ 3,429,792	$ 3,803,335

See Accompanying Notes to Financial Statements.

A NOISE WITHIN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services				
	Theater Productions	Education Programs	Management and General	Fundraising	Total
Salaries and Benefits	$ 1,114,339	$ 587,788	$ 144,396	$ 171,133	$ 2,017,656
Production Artistic and Technical Fees	123,627	60,894	-	-	184,521
Production Supplies, Material and Expenses	120,466	59,335	-	-	179,801
Royalties and Fees	60,549	29,823	-	-	90,372
Education Related Expenses	-	63,719	-	-	63,719
Marketing and Public Relations	177,713	58,351	777	17,472	254,313
Merchant and Bank Charges	59,263	29,632	9,943	-	98,838
Professional Fees	19,259	10,032	33,220	39,625	102,136
Utilities	60,354	30,176	10,059	-	100,589
Repairs and Maintenance	46,678	23,339	7,780	-	77,797
Insurance and Taxes	45,102	22,551	7,517	-	75,170
Office Expenses	107,849	36,617	10,347	18,939	173,752
Total Expenses Before Depreciation and Interest	$ 1,935,199	$ 1,012,257	$ 224,039	$ 247,169	$ 3,418,664
Depreciation	$ 184,991	$ 92,496	$ 30,832	$ -	$ 308,319
Interest	11,495	5,748	1,916	-	19,159
Total Expenses Before Special Events Costs	$ 2,131,685	$ 1,110,501	$ 256,787	$ 247,169	$ 3,746,142
Special Events Costs	$ -	$ -	$ -	$ 28,741	$ 28,741
Cost of Concessions Sales	28,452	-	-	-	28,452
Total Expenses	$ 2,160,137	$ 1,110,501	$ 256,787	$ 275,910	$ 3,803,335

See Accompanying Notes to Financial Statements.

A NOISE WITHIN
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (743,337)	$ (172,059)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	359,579	308,319
Changes in Assets and Liabilities:		
Contributions Receivable, Net	346,591	(215,735)
Prepaid Expenses and Other Assets	36,783	134,681
Deferred Compensation Investment	58,163	(59,902)
Accounts Payable and Accrued Expenses	(7,655)	(3,830)
Deferred Revenue	(16,621)	(147,087)
Deferred Compensation Liability	(58,163)	91,158
Net Cash Used by Operating Activities	(24,660)	(64,455)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(51,227)	(93,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Loans Payable	(37,669)	(38,679)
Proceed from Loans Payable	409,400	-
Net Cash Provided (Used) by Financing Activities	371,731	(38,679)
NET CHANGE IN CASH AND CASH EQUIVALENTS	295,844	(196,597)
Cash and Cash Equivalents - Beginning of Year	728,769	925,366
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,024,613	$ 728,769
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 17,169	$ 12,808

See Accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

A Noise Within (the Organization) is a California public benefit corporation organized in 1992 which operates a classical theatre company in Pasadena, California. The Organization produces classic theatre as an essential means to enrich our community by embracing universal human experiences, expanding personal awareness and challenging individual perspectives.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles in the United States of America (U.S. GAAP) as applicable to nonprofit entities. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations, including donor-restricted contributions whose restrictions are met in the same reporting period and net assets designated by the board of directors for specific purposes. The Board of Directors has designated a plant fund for the use of major facilities expenses.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Ticket revenue is recognized over the period of the related performance. Payments for ticket sales for performances that occur subsequent to year-end are shown as deferred revenue.

Contributions revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include operating cash and plant fund, which is invested in money market funds.

Deferred Compensation Investments

Deferred compensation investments are stated at fair value which is based on quoted market prices.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment which is purchased or constructed is stated at cost; assets acquired by gift are stated at fair value at the date of acquisition. The Organization capitalizes property and equipment purchases of $1,000 or more. The Organization uses the straight-line method for the computation of depreciation of long-lived assets according to the following schedule of useful lives:

Building	40 Years
Building improvements	5 to 20 Years
Furniture and equipment	5 to 10 Years
Website	3 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. Management believes no such impairment occurred during the years ended June 30, 2020 and 2019.

Contributions

Unconditional promises to give are recorded as contribution receivables and revenues. For financial reporting purposes, the Organization distinguishes between contributions without donor restrictions and contributions with donor restrictions. Contributions on which donors have imposed restrictions which limit the use of the donated assets are reported as restricted. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are met within the same reporting period, are reported as contributions without donor restrictions.

Unconditional promises that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. An allowance for uncollectible contributions receivable may be estimated by management, based on such factors as prior collection history, type of contribution, and the nature of the fundraising activity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation Methodology

The Organization's estimate of the functional expenses shared between program, management and general, and fundraising is based on a reasonable and consistent basis. Salaries and related expenses are allocated based upon management's estimated time expended by the employees. Facility related expenses, such as depreciation and utilities, are allocated based on the estimated facility square footage usage. Other expenses are allocated according to the Organization's estimates or on a direct basis.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Fair Value Measurements

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures (ASC 820) establish a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are cash, investments, and receivables. The Organization's cash and investments are held by major financial institutions insured by Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to their statutory limits. Concentrations of credit risk for student receivables are generally limited due to the dispersion over a wide creditor base.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a nonprofit, tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income and state franchise taxes on related income pursuant to Section 501(a) of IRC and similar provisions of the California Franchise Tax Code. The Organization does not engage in any significant unrelated trades or businesses. Accordingly, no provision for income taxes is required.

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 25, 2021, the date the financial statements were available to be issued. Except as disclosed in Note 5, there were no subsequent events that would require additional adjustments or disclosures in these financial statements.

New Accounting Pronouncements Adopted During the Year

The Organization has adopted ASU 2018-08 *Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. There was no material impact on the Organization’s financial position and changes in net assets upon adoption of the new standards.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. It is effective for fiscal years beginning after December 15, 2019.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2020	2019
Cash and Cash Equivalents	$ 1,024,613	$ 728,769
Contributions Receivables Within One Year	40,152	384,243
	1,064,765	1,113,012
Less:		
Donor Purpose-Restricted Net Assets	(54,956)	(100,278)
Board Designated Net Assets	(295,182)	(312,867)
	$ 714,627	$ 699,867

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments; cash in excess of daily requirements are invested in money market fund. Although the Organization does not intend to spend from its board-designated reserves, these amounts could be made available if necessary. In addition, the Organization has a $200,000 line of credit available to be drawn.

NOTE 4 PROPERTY AND EQUIPMENT

At June 30, 2020 and 2019, property and equipment are as follows:

	2020		
	Cost	Accumulated Depreciation	Total
Land	$ 2,013,000	$ -	$ 2,013,000
Building and Improvements	10,942,427	2,415,493	8,526,934
Furniture and Equipment	521,278	335,917	185,361
Website	25,000	25,000	-
	$ 13,501,705	$ 2,776,410	$ 10,725,295

	2019		
	Cost	Accumulated Depreciation	Total
Land	$ 2,013,000	$ -	$ 2,013,000
Building and Improvements	10,900,043	2,109,235	8,790,808
Furniture and Equipment	512,434	282,595	229,839
Website	25,000	25,000	-
	$ 13,450,477	$ 2,416,830	$ 11,033,647

NOTE 5 LOANS PAYABLE

Promissory Notes

In June 2015, the Organization entered into a first promissory note with a bank in the amount of $607,026, secured by the Organization's deed of trust. The first promissory note bears fixed interest rate at 5% with monthly installment of $3,570 and a balloon payment of all unpaid balance at maturity. The first promissory note matures in June 2022. As of June 30, 2020 and 2019, the outstanding balance on this first promissory note was $201,055 and $232,792, respectively. During the years ended June 30, 2020 and 2019, interest expense was $11,101 and $12,808 on this promissory note, respectively.

In June 2020, the Organization entered into a secured second promissory note with the same bank in the amount of $53,000, for the purpose of paying monthly payments of principal and interest of the first promissory note. The Organization received the proceed of the second promissory note on August 10, 2020. The second promissory note bears fixed interest rate at 3% with monthly principal and interest payment of $295 and a balloon payment of all unpaid balance at maturity on June 2025.

Pathway Agreement

In March 2018, the Organization entered into an unsecured reimbursement agreement with an unrelated entity in the amount of $190,000 for a portion of costs relating to construction of a shared pedestrian walkway. The monthly payments are $1,000 for 190 months. The reimbursement agreement is non-interest bearing and the Organization imputed interest at 5%. As of June 30, 2020 and 2019, the outstanding principal of this reimbursement agreement was $115,426 and $121,358, respectively. During the years ended June 30, 2020 and 2019, the imputed interest expense was $6,068 and $6,343, respectively.

PPP Loan

In April 2020, the Organization obtained a loan in the amount of $409,400 to fund payroll, state payroll taxes, mortgage loan interest and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On January 15, 2021, the Organization was notified that SBA has completed its review of the Organization's PPP forgiveness application, all principal and interest under the loan has been forgiven in full.

NOTE 5 LOANS PAYABLE (CONTINUED)

Line of Credit

In May 2016, the Organization entered into a $200,000 line of credit agreement with a bank. Under the terms of the agreement, the line of credit bears interest rate at LIBOR plus 2.75% and expired in November 2020. The Organization did not renew the line of credit upon expiration. During the years ended June 30, 2020 and 2019, the Organization did not draw on this line of credit. As of June 30, 2020 and 2019, there was no outstanding balance on this line of credit.

At June 30, 2020, future principal payments on the loans payable are as follows:

Year Ending June 30	Promissory Note	Pathway Agreement	PPP Loan	Total
2021	$ 33,413	$ 6,229	$ 181,956	$ 221,598
2022	167,642	6,540	227,444	401,626
2023	-	6,867	-	6,867
2024	-	7,210	-	7,210
2025	-	7,571	-	7,571
Thereafter	-	81,009	-	81,009
	$ 201,055	$ 115,426	$ 409,400	$ 725,881

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020 and 2019, net assets with donor restrictions were for the following purposes:

	2020	2019
Subject to Expenditure for Specified Purposes:		
Capital Improvements	$ 49,456	$ 70,278
Information Technology	-	30,000
Professional Development	5,500	-
Subject to Passage of Time	54,059	234,549
	$ 109,015	$ 334,827

During the years ended June 30, 2020 and 2019, net assets were released as follows:

	2020	2019
Capital Improvements	$ 20,822	$ 29,722
Information Technology	30,000	-
Passage of Time	232,049	103,091
	$ 282,871	$ 132,813

NOTE 7 RETIREMENT PLAN

In July 2018, the Organization adopted a simple IRA plan (the Plan) for substantially all of its employees. The Organization matches participants' contribution up to 3% of the participants' base salary. During the years ended June 30, 2020 and 2019, the Organization made $29,557 and $21,132 contributions to the Plan, respectively.

NOTE 8 RETENTION PAYMENT PLAN

In 2016, the Organization set up a 457(b) deferred compensation plan and a retention payment plan (collectively, the Retention Plan) for the benefit of the two Artistic Directors. No benefits will be paid under the Retention Plan unless 1 of 3 events occurs: (i) remaining employed until the cliff vesting date, January 1, 2029; (ii) separation from service due to death or disability; and (iii) involuntary separation from service without cause. Benefits may be forfeited due to involuntary separation from service for cause or involuntary separation from service. Benefits may be paid to the recipient in either a lump sum or over time, between 1 and 20 years. Under the agreement, the Organization makes annual credits to each of the Artistic Directors until January 1, 2029.

In September 2019, the Organization approved to terminate the retention payment plan effective as of August 1, 2019. The balance in the retention payment plan, in the amount of $142,199, was paid out to the Artistic Directors.

During the years ended June 30, 2020 and 2019, the Organization contributed $39,000 and $68,210 to the Retention Plan, respectively. As of June 30, 2020 and 2019, accrued deferred compensation liability was $231,625 and $289,788, respectively. The Organization has set aside funds in marketable securities selected by the Artistic Directors. The marketable securities are considered as level 1 in the fair value measurement measured on a recurring basis.

NOTE 9 LEASE COMMITMENT

The Organization has a non-cancelable operating lease for office equipment at a monthly rent of $822 through September 30, 2023.

NOTE 10 RISK AND UNCERTAINTY OF OPERATIONS

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The COVID-19 pandemic has caused significant disruption to the operation of all theaters, including the Organization, and the recovery timeline is unclear.

Most of the Organization’s offerings have been converted to virtual programs, due to health and safety limitations from the city, the state, and the unions that represented much of the production team. The Organization continues to generate impactful content, which strengthens fundraising potential while bringing in earned income. When conditions allow a safe return to in-person work, the Organization will do so.

The fiscal year 2021 budget will be revisited frequently throughout the year as new information becomes available. Cash flow will be monitored carefully, and action steps have been identified to cut expenses if that becomes necessary.