

SHAKESPEARE IN DELAWARE PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Independent Auditors' Report

To the Board of Directors of
Shakespeare in Delaware Park, Inc.

Opinion

We have audited the accompanying financial statements of Shakespeare in Delaware Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shakespeare in Delaware Park, Inc. as of December 31, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shakespeare in Delaware Park, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Shakespeare in Delaware Park, Inc.'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

Our 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 our 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 will always detect a material misstatement when it exists. The risk of not detecting a

material misstatement resulting from fraud is higher than for 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, we:

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

We are 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 we identified during the audit.

Kirants & Associates CPAS, PLLC

Buffalo, New York
May 12, 2023

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash and cash equivalents	\$ 356,883	\$ 969,570
Restricted cash	35,346	-
Grants and other receivables	-	20,000
Investments	475,494	16,681
TOTAL CURRET ASSETS	867,723	1,006,251
Property and equipment, net of accumulated depreciation	430,365	484,757
Beneficial interest in endowments		
Endowment	261,963	-
Quasi-Endowment	198,043	-
TOTAL ASSETS	\$ 1,758,094	\$ 1,491,008

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 3,989	\$ 5,200
Deferred revenue	-	24,975
Funds held for others	4,022	-
TOTAL CURRENT LIABILITIES	8,011	30,175

NET ASSETS

With donor restrictions		
Endowment Fund	297,309	-
Without donor restrictions		
Board designated - Quasi-Endowment	250,000	-
Board designated - Operating Reserve	250,000	250,000
Board designated - Future Capital Purchases	200,000	200,000
Undesignated	752,774	1,010,833
	1,452,774	1,460,833
TOTAL NET ASSETS	1,750,083	1,460,833
TOTAL LIABILITIES AND NET ASSETS	\$ 1,758,094	\$ 1,491,008

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Without restrictions</u>	<u>With restrictions</u>	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE				
Contributions	\$ 116,486	\$ 35,346	\$ 151,832	\$ 51,449
In-kind revenue	74,688	-	74,688	33,620
State and local grants	149,500	-	149,500	124,500
Foundation and private grants	98,945	264,342	363,287	153,725
Paycheck Protection Program loan forgiveness	-	-	-	52,782
Sponsorships	52,485	-	52,485	43,825
Change in beneficial interest in endowments, net	(1,957)	(2,379)	(4,336)	-
Investment income	1,000	-	1,000	3,304
Concession and merchandise sales, net of cost of sales of \$12,462 in 2022 and \$8,988 in 2021	26,645	-	26,645	1,411
Membership dues	72,786	-	72,786	60,591
Fundraising income, net of direct expenses of \$11,935 in 2022 and \$4,543 in 2021	13,686	-	13,686	8,382
Program fees	8,880	-	8,880	1,355
Miscellaneous	20,467	-	20,467	7,914
TOTAL SUPPORT AND REVENUE	<u>633,611</u>	<u>297,309</u>	<u>930,920</u>	<u>542,858</u>
EXPENSES				
Program expenses	532,222	-	532,222	215,224
Supporting services				
General and Administrative	91,333	-	91,333	135,122
Development	18,115	-	18,115	40,884
TOTAL EXPENSES	<u>641,670</u>	<u>-</u>	<u>641,670</u>	<u>391,230</u>
INCREASE (DECREASE) IN NET ASSETS	(8,059)	297,309	289,250	151,628
NET ASSETS - BEGINNING OF YEAR	<u>1,460,833</u>	<u>-</u>	<u>1,460,833</u>	<u>1,309,205</u>
NET ASSETS - END OF YEAR	<u>\$ 1,452,774</u>	<u>\$ 297,309</u>	<u>\$ 1,750,083</u>	<u>\$ 1,460,833</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>2022 Total</u>	<u>2021 Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>			
Salaries	\$ 287,133	\$ 33,380	\$ 10,906	\$ 44,286	\$ 331,419	\$ 186,747
Payroll taxes	23,046	2,679	875	3,554	26,600	16,123
Employee benefits	17,428	2,026	662	2,688	20,116	15,660
Total salaries and benefits	<u>327,607</u>	<u>38,085</u>	<u>12,443</u>	<u>50,528</u>	<u>378,135</u>	<u>218,530</u>
Marketing and website	49,357	-	-	-	49,357	8,232
Occupancy costs	31,200	-	-	-	31,200	29,588
Professional fees	-	16,213	-	16,213	16,213	21,967
Printing and postage	-	2,407	-	2,407	2,407	2,207
Program supplies and materials	45,508	-	-	-	45,508	4,244
Insurance	-	10,491	-	10,491	10,491	12,890
Office supplies and expense	-	4,916	-	4,916	4,916	3,977
Telephone and internet	-	1,457	-	1,457	1,457	400
Bank and credit card fees	-	3,531	-	3,531	3,531	2,137
Fundraising expense	-	-	5,672	5,672	5,672	5,994
Miscellaneous expense	243	14,233	-	14,233	14,476	5,884
Depreciation expense	78,307	-	-	-	78,307	75,180
Total	<u>\$ 532,222</u>	<u>\$ 91,333</u>	<u>\$ 18,115</u>	<u>\$ 109,448</u>	<u>\$ 641,670</u>	<u>\$ 391,230</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total Supporting Services</u>	
Salaries	\$ 83,729	\$ 73,202	\$ 29,816	\$ 103,018	\$ 186,747
Payroll taxes	7,229	6,320	2,574	8,894	16,123
Employee benefits	7,022	6,138	2,500	8,638	15,660
Total salaries and benefits	<u>97,980</u>	<u>85,660</u>	<u>34,890</u>	<u>120,550</u>	<u>218,530</u>
Marketing and website	8,232	-	-	-	8,232
Occupancy costs	29,588	-	-	-	29,588
Professional fees	-	21,967	-	21,967	21,967
Printing and postage	-	2,207	-	2,207	2,207
Program supplies and materials	4,244	-	-	-	4,244
Insurance	-	12,890	-	12,890	12,890
Office supplies and expense	-	3,977	-	3,977	3,977
Telephone and internet	-	400	-	400	400
Bank and credit card fees	-	2,137	-	2,137	2,137
Fundraising expense	-	-	5,994	5,994	5,994
Miscellaneous expense	-	5,884	-	5,884	5,884
Depreciation expense	75,180	-	-	-	75,180
Total	<u>\$ 215,224</u>	<u>\$ 135,122</u>	<u>\$ 40,884</u>	<u>\$ 176,006</u>	<u>\$ 391,230</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 289,250	\$ 151,628
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Change in fair value of beneficial interest in endowment	2,379	-
Change in fair value of beneficial interest in quasi-endowment	1,957	-
Contributions restricted for endowment	(264,342)	-
Unrealized (gain) loss on investments	74	(3,141)
Depreciation and amortization	78,307	75,180
Loss due to disposal of equipment	-	12,707
Changes in assets and liabilities:		
Grants and other receivables	20,000	(20,000)
Prepaid expenses	-	-
Accounts payable and accrued expenses	(1,211)	(1,625)
Deferred revenue	(24,975)	(30,065)
Funds held for others	4,022	-
Net cash provided by operating activities	<u>105,461</u>	<u>184,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(458,887)	-
Purchases of beneficial interest in quasi-endowment	(200,000)	-
Purchases of beneficial interest in endowment	(264,342)	-
Equipment purchases	<u>(23,915)</u>	<u>(23,649)</u>
Net cash used in investing activities	<u>(947,144)</u>	<u>(23,649)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund contributions	<u>264,342</u>	-
Net cash provided by financing activities	<u>264,342</u>	-
INCREASE (DECREASE) IN CASH	(577,341)	161,035
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>969,570</u>	<u>808,535</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 392,229</u>	<u>\$ 969,570</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Shakespeare in Delaware Park, Inc. (the Organization) is a not-for-profit professional theatre company dedicated to providing free, high-quality public theatre to the widest possible audience. The Organization’s goal is to enrich, inspire, and entertain diverse audiences through performance and educational programming, with a focus on the works of William Shakespeare. The Organization is committed to mentoring students and professionals and offering adults and children opportunities to experience and appreciate live theatre. The Organization is primarily funded by public donations and governmental grants.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors. In 2021, the Board voted to increase the Board designated funds that were set aside for the operating reserve and capital reserves. Board designated net assets are reported as net assets without donor restrictions in the accompanying statements of financial position, which consist of the following as of December 31, 2022 and 2021:

	2022	2021
Quasi-Endowment	\$ 250,000	\$ -
Operating Reserve	250,000	250,000
Capital Reserve	200,000	200,000
Total board designated funds	\$ 700,000	\$ 450,000

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Organization had net assets with donor restrictions at December 31, 2022 in the amount of \$267,309, which represent an endowment fund (Note 4). The Organization had no net assets with donor restrictions at December 31, 2021.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash in financial institutions potentially subjects the Organization to concentrations of credit risk since it may exceed insured limits at various times throughout the year.

Concentrations of Credit Risk

The Organization maintains its cash deposits in accounts at various financial institutions which, at times during the year may exceed the federally insured limits.

Grants Receivable

Grants receivables are stated at the amounts management expects to collect from outstanding balances. The organization uses the direct write off method for uncollectible outstanding receivables. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to accounts receivable.

Investments

Investments are carried at fair value as determined by quoted market prices. They consist of readily marketable mutual funds.

Equipment

Equipment is stated at cost, net of accumulated depreciation. The Organization capitalizes all property and equipment in excess of \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations as incurred.

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

Beneficial interest in endowments are valued at the fair value of the underlying assets using un-observable inputs. The method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Investment Pool Managers believe valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair values as of as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Beneficial interest in endowments (see Note 4)	\$ -	\$ -	\$460,006	\$ 460,006
Money Market	11,265	-	-	11,265
Mutual funds	14,229	-	-	14,229
Certificates of deposit	450,000	-	-	450,000
	<u>\$475,494</u>	<u>\$ -</u>	<u>\$460,006</u>	<u>\$ 935,500</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair values as of as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Beneficial interest in endowments (see Note 4)	\$ -	\$ -	\$ -	\$ -
Mutual funds	16,681	-	-	16,681
	<u>\$ 16,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,681</u>

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Other Public Support

Grant income consists of contributions received primarily from private foundations. Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as unrestricted revenue.

Funds received from conditional grant contributions are considered earned and reported as revenue when expenditures are incurred in compliance with specific grant requirements. Amounts received but not yet earned are reported as deferred revenue.

Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Donated Facilities

The Organization occupies various leased space including space for events and a warehouse for storage. Rent for the warehouse used for storage is \$1 per year. Donated facilities for the years ended December 31, 2022 and 2021 amounted to \$27,000 and are included in "Occupancy costs" in the accompanying Statements of Functional Expenses.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2022 and 2021, the value of contributed services meeting the requirements for recognition in the financial statements amounted to \$9,735 and \$0, respectively, and are included in "Marketing and website" in the accompanying Statements of Functional Expenses.

Donated Materials

Donated materials are recorded at fair market value at the date of donation. Donated materials for the years ended December 31, 2022 and 2021 amounted to \$37,953 and \$8,232, respectively, and are included in "Marketing and website" in the accompanying Statements of Functional Expenses.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Management has evaluated all allocations of expenses. Most expenses are directly charged to programmatic or management and general depending on the nature of the expense. Salaries are allocated based on time and effort of program or supporting services benefitted.

Reclassifications

Reclassifications have been made to prior year balances in order to conform to current year presentation.

NOTE 2 — INVESTMENTS

Investments at fair value and cost at December 31 were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Money Market	\$ 11,265	\$ 11,265	\$ -	\$ -
Mutual funds	5,282	14,229	4,607	16,681
Certificates of deposit	450,000	450,000	-	-
	<u>\$466,547</u>	<u>\$475,494</u>	<u>\$ 4,607</u>	<u>\$ 16,681</u>

Investment return related to these investments is included with investment income on the statements of activities for the years ended December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,074	\$ 162
Unrealized gain (loss)	(74)	3,142
	<u>\$ 1,000</u>	<u>\$ 3,304</u>

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 — EQUIPMENT

Equipment consists of the following at December 31, 2022 and 2021:

	2022	2021
Equipment	\$ 1,057,683	\$ 1,033,768
Less: accumulated depreciation	(627,318)	(549,011)
	\$ 430,365	\$ 484,757

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$78,307 and \$75,180 respectively.

NOTE 4 – ENDOWMENT FUNDS

The Organization’s endowment was established by donations made directly to the Organization. The purpose of the endowment fund is to ensure Shakespeare in Delaware Park remains a free performance for the audiences in Western New York. Investment earnings will offset costs associated with Shakespeare season productions. In the event of a year-end with positive net income, the earnings may be reinvested into the endowment fund.

As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has a beneficial interest in endowments held by a local community foundation. These funds are held by the community foundation in a diversified portfolio of pooled funds. The value of these funds depends on the proportionate share of the pooled investments at the valuation date.

Interpretation of Relevant Law

The New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted in September 2010, governs the management and investment of funds held by nonprofit organizations. NYPMIFA removes the prohibition on appropriations below the historic dollar value of endowment funds absent explicit donor stipulations to the contrary. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted 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 Organization
- Alternatives to expenditure of the endowment fund
- The investment policies of the Organization

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 – ENDOWMENT FUNDS (continued)

Investment Return Objectives, Risk Parameters and Strategies

In accordance with the investment policy, the objectives of the endowment funds are to create growth while enabling an annual appropriation of funds from the endowment fund.

Spending Policy

The Organization has adopted a discretionary spending policy to be applied to its endowment funds in accordance with NYPMIFA. The objective of the Organization's spending policy is to maintain the value of the funds as determined from time to time in compliance with current laws. The Board may determine each year how much to distribute from its quasi-endowment to use for its current operating purposes. This policy enables the Organization to preserve and strengthen its endowment for the future.

A reconciliation of the beginning and ending balances of the beneficial interest in endowments by net asset class is as follows:

	Endowment	Quasi- Endowment	Total
Balance at January 1, 2022	\$ -	\$ -	\$ -
Contributions	264,342	200,000	464,342
Investment income	271	212	483
Net realized and unrealized gains	(2,650)	(2,169)	(4,819)
Balance at December 31, 2022	<u>\$ 261,963</u>	<u>\$ 198,043</u>	<u>\$460,006</u>

The net asset composition of the endowment fund as of December 31, 2022 is as follows:

Beneficial interest in endowment - donor restricted	\$ 261,963
Restricted cash	35,346
Net assets with donor restrictions - endowment fund	<u>\$ 297,309</u>

NOTE 5 — LIQUIDITY RESOURCES

The Organization's primary source of financial assets is grants and contributions from the public. The Organization has at its disposal cash and cash equivalents and two lines of credit with an availability totaling \$55,000 to provide liquidity. The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 — LIQUIDITY RESOURCES (continued)

Financial assets at year end:	2022	2021
Cash and cash equivalents	\$ 356,883	\$ 969,570
Restricted cash	35,346	-
Grants and donations receivable	-	20,000
Investments	475,494	16,681
Beneficial interest in endowments	460,006	-
Total financial assets	1,327,729	1,006,251
Less amounts not available to be used within one year:		
Board designated net assets	(700,000)	(450,000)
Portion of donor-restricted endowment to be retained in perpetuity	(297,309)	-
Financial assets not available to be used within one year	(997,309)	(450,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 330,420	\$ 556,251

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Organization's policy is to have liquid resources on hand to meet general expenditures as they become due. The Organization's cash flows have seasonal variations during the year attributable to summer performances. The Organization has an Operating Reserve with a targeted minimum balance of 50% of the annual budget, which is available to meet operating needs, subject to Board approval.

NOTE 6 – LINE OF CREDIT

The Organization has available two unsecured lines of credit for \$50,000 and \$5,000 which are payable on demand and carry interest rates of 4.5% and 14.25%, respectively at December 31, 2022. The credit lines are secured by substantially all assets of the Organization. The balance on these lines of credit was \$0 as of December 31, 2022 and 2021.

NOTE 7 – CONTINGENCIES

The Organization has received grants which are subject to audit by agencies of the state and federal government. Such audits may result in a request for a return of funds. Management believes that disallowances, if any, will not be material.

NOTE 8 – LEASE

The Organization occupies office space from a nonprofit organization at no cost on a month-to-month basis. The Organization leases a storage facility at a cost of \$1 per year. Total occupancy costs for the years ended December 31, 2022 and 2021, respectively, including in-kind rent of \$27,000, amounted to \$31,200 and \$29,588, respectively.

NOTE 9 – CONCENTRATION OF REVENUE SOURCES

The Organization is supported primarily through various local government and private grants. For the years ended December 31, 2022 and 2021, 47% and 26% of the Organization's revenue was derived from four funding sources.

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NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 12, 2023 (the date on which the financial statements were available to be issued).

NOTE 11 - RISKS AND UNCERTAINTIES DUE TO COVID-19

In March 2020, the spread of Coronavirus COVID-19 became a global pandemic which resulted in a disruption in operations of many organizations. As a result of the pandemic, the Organization's 2021 season was changed to relocate performances at a variety of venues across Western New York and required reservations for all guests. The full extent of the impact of the Organization's funding will depend on future developments.

In April 2020, the Organization was approved for a \$39,100 ("first draw") loan under the Paycheck Protection Program ("PPP") Coronavirus Aid, Relief and Economic Security (CARES) Act. In December 2020, the Organization received notification from the SBA of loan forgiveness and the proceeds were recognized as revenue in the accompanying statement of activities.

In February 2021, the Organization was approved for a \$52,782 ("second draw") loan under the Paycheck Protection Program ("PPP") Coronavirus Aid, Relief and Economic Security (CARES) Act. In September 2021, the Organization received notification from the SBA of loan forgiveness and the proceeds were recognized as revenue in the accompanying statement of activities.