



**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED  
FINANCIAL INFORMATION FOR 2021**

# MOSAIC THEATER COMPANY OF DC

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SALTI & ASSOCIATES, LLC  
*Certified Public Accountant*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mosaic Theater Company of DC  
Washington, D.C

### **Opinion**

I have audited the accompanying financial statements of Mosaic Theater Company of DC (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mosaic Theater as of June 30, 2022, and the changes 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.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Mosaic Theater and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Mosaic Theater ability to continue as a going concern within one year after the date that the financial statements are available to be issued

## INDEPENDENT AUDITOR'S REPORT

(continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mosaic Theater internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mosaic Theater ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

### Report on Summarized Comparative Information

I have previously audited Mosaic Theater's 2021 financial statements, and my report dated December 9, 2021, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*No. 211 SIOG*

Washington, DC  
November 4, 2022

**MOSAIC THEATER COMPANY OF DC**

**STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022**

**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 634,044	\$ 749,999
Cash and cash equivalents - security agreement (note 9)	22,328	22,328
Cash and cash equivalents - cash reserve	706,709	454,674
Contracts receivable	65,000	59,023
Grants & pledges receivable (note 3)	1,058,055	1,113,740
Other receivables	15,472	-
Prepaid and deferred expenses	64,175	27,884
	<b>2,565,783</b>	<b>2,427,648</b>
<b>Fixed Assets</b>		
Graphic and equipment	8,074	6,244
Less: accumulated depreciation	(4,268)	(3,418)
	<b>3,806</b>	<b>2,826</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,569,589</b>	<b>\$ 2,430,474</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 99,247	\$ 21,289
Grant payable	-	150,370
Deferred revenue	38,500	-
Deferred tickets revenue (note 5)	22,870	67,895
Line of credit (note 6)	44,074	-
	<b>204,691</b>	<b>239,554</b>
<b>Total Liabilities</b>	<b>204,691</b>	<b>239,554</b>
<b>Commitments (note 12)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		
Without donor restrictions:		
Board designated reserve	425,000	425,000
Designated for general operations	1,315,850	993,920
Total without donor restrictions	<b>1,740,850</b>	<b>1,418,920</b>
With donor restrictions (note 8)	624,048	772,000
Total net assets	<b>2,364,898</b>	<b>2,190,920</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,569,589</b>	<b>\$ 2,430,474</b>

The accompanying notes are an integral part of these financial statements

**MOSAIC THEATER COMPANY OF DC**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>				
Contributions - Individuals	\$ 504,949	\$ -	\$ 504,949	\$ 429,179
Contributions - Foundations and Corporations	318,113	100,000	418,113	995,101
Contributions - State Government	359,482	-	359,482	216,182
Government grants (note 13)	903,398	-	903,398	152,500
Admissions - individual and group ticket sales	90,237	-	90,237	2,023
Admissions - subscription sales	57,067	-	57,067	17,581
Service fees	11,030	-	11,030	1,577
Dividends and interest income	1,276	-	1,276	711
Other revenue	6,496	-	6,496	3,899
Net assets released from restrictions for expenses incurred and timing difference	247,952	(247,952)	-	-
<b>TOTAL REVENUE</b>	<b>2,500,000</b>	<b>(147,952)</b>	<b>2,352,048</b>	<b>1,818,753</b>
<b>EXPENSES</b>				
Program Services Expenses:				
Performances	1,662,263	-	1,662,263	850,885
Total Program Services Expenses	1,662,263	-	1,662,263	850,885
Supporting Services Expenses:				
Management and General	286,144	-	286,144	265,300
Fundraising	229,663	-	229,663	200,547
Total Supporting Services Expenses	515,807	-	515,807	465,847
<b>TOTAL EXPENSES</b>	<b>2,178,070</b>	<b>-</b>	<b>2,178,070</b>	<b>1,316,732</b>
<b>Change in net assets</b>	<b>321,930</b>	<b>(147,952)</b>	<b>173,978</b>	<b>502,021</b>
Net Assets, Beginning of Year	1,418,920	772,000	2,190,920	1,688,899
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,740,850</b>	<b>\$ 624,048</b>	<b>\$ 2,364,898</b>	<b>\$ 2,190,920</b>

The accompanying notes are an integral part of these financial statements

**MOSAIC THEATER COMPANY OF DC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<b>Program Expenses (Performances)</b>	<b>Management and General</b>	<b>Fund- raising</b>	<b>2022</b>	<b>2021</b>
Salary expense - staff	\$ 448,234	\$ 208,109	\$ 144,075	\$ 800,418	\$ 735,590
Salary expense - actors	158,594	-	-	158,594	22,263
Salary expense - stage managers	51,031	-	-	51,031	8,658
Payroll taxes & fringe benefits	64,977	30,168	20,885	116,030	93,956
Accounting and audit fees	13,311	6,180	4,279	23,770	29,817
Administrative expenses	20,430	9,485	6,567	36,482	17,289
Advertising	88,323	-	-	88,323	31,324
Bank transaction fees	4,239	1,968	1,362	7,569	5,120
Box office processing fee	23,025	-	-	23,025	14,216
Business insurance - workers' compensation	15,138	7,029	4,866	27,033	17,101
Computer hardware and software	9,528	4,424	3,063	17,015	22,848
Consultants - contractor fees	15,340	-	-	15,340	77,368
Consultants - directors & designer fees	105,767	-	-	105,767	(100)
Consultants - non-union crew	153,449	-	-	153,449	1,068
Depreciation	-	850	-	850	700
Development	-	-	33,665	33,665	28,216
Interest expense	-	273	-	273	-
Legal and professional fees	22,110	10,265	7,107	39,482	45,271
Marketing and communications	68,485	-	-	68,485	28,138
Outreach and education	31,274	-	-	31,274	55,520
Parking	2,550	-	-	2,550	-
Presenting fees and casting	5,850	-	-	5,850	300
Printing, postage and supplies	-	1,913	-	1,913	850
Production expenses - housing & travel	26,992	-	-	26,992	1,174
Production expenses - materials	146,433	-	-	146,433	64,757
Production expenses - workshop	-	-	-	-	-
Rent - office space	11,804	5,480	3,794	21,078	7,876
Rent - theater and rehearsal space	128,255	-	-	128,255	4,927
Royalties and literary	31,481	-	-	31,481	2,177
Workshops and readings	15,643	-	-	15,643	308
<b>Total Expenses</b>	<b>\$ 1,662,263</b>	<b>\$ 286,144</b>	<b>\$ 229,663</b>	<b>\$ 2,178,070</b>	<b>\$ 1,316,732</b>

The accompanying notes are an integral part of these financial statements

MOSAIC THEATER COMPANY OF DC

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Change in net assets</b>	<b>\$ 173,978</b>	<b>\$ 502,021</b>
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	850	700
(Increase) decrease in:		
Grants receivable	55,685	(672,740)
Accounts receivable	(15,472)	4,026
Contracts receivable	(5,977)	(59,023)
Prepaid expenses	(36,291)	8,076
Increase (decrease) in:		
Accounts payable and accrued expenses	77,958	12,595
Loan payable	(150,370)	(2,130)
Deferred revenue	38,500	-
Deferred ticket sales	(45,025)	(53,428)
<b>Net cash provided (used) by operating activities</b>	<b><u>93,836</u></b>	<b><u>(259,903)</u></b>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(1,830)	(3,178)
<b>Net cash flows used in investing activities</b>	<b><u>(1,830)</u></b>	<b><u>(3,178)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceed - commercial line of credit	59,000	-
Repay - commercial line of credit	(14,926)	-
<b>Net cash flows provided by financing activities</b>	<b><u>44,074</u></b>	<b><u>-</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>136,080</b>	<b>(263,081)</b>
Cash, beginning of year	1,227,001	1,490,082
<b>CASH &amp; CASH EQUIVALENT, END OF YEAR</b>	<b><u>\$ 1,363,081</u></b>	<b><u>\$ 1,227,001</u></b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 634,044	\$ 749,999
Cash and cash equivalents - security agreement	22,328	22,328
Cash and cash equivalents - cash reserve	706,709	454,674
	<b><u>\$ 1,363,081</u></b>	<b><u>\$ 1,227,001</u></b>
	<u>2022</u>	<u>2021</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	272	-

The accompanying notes are an integral part of these financial statements



# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1. ORGANIZATION AND ACTIVITIES

#### ORGANIZATION

Mosaic Theater Company of DC produces bold, culturally diverse theater that illuminates critical issues, elevates fresh voices and perspectives, and fosters dialogue amongst communities throughout our region and beyond.

Under the new leadership of Artistic Director Reginald L. Douglas and Managing Director Serge Seiden, Mosaic produces plays that spark conversation and connections amongst the DC Metro area's diverse communities and sees itself as a neighbor and partner with those communities. By sharing stories that both entertain and enlighten, Mosaic uses art to build empathy amongst diverse people united by the magic of theater and hopes to build community by reflecting the people and the many cultures that call DC home.

In order to accomplish these goals, Mosaic develops the new canon of great new plays and playwrights through new play workshops and world premiere productions; assembles national co-productions and partnerships; creates robust education and engagement programs; builds community partnerships in the immediate neighborhood and across DC; and celebrates the H Street Northeast community where Mosaic resides.

#### ACTIVITIES

The 2021-2022 season included:

- **BIRDS OF NORTH AMERICA** by Anna Moench | Directed by Managing Director Serge Seiden  
October 27 - November 21, 2021  
Caitlyn and her father John watch birds in their suburban Maryland backyard. Over the course of a decade in their relationship, this tale examines the ways global changes work their way into our daily lives. *Birds of North America's* meditative exploration of parenthood, growing up, and nature opened to stellar reviews and received excellent audience response. "*Birds of North America* is a gentle reminder to seize the day for yourself and those you love." - DC Metro Theater Arts.
- **DEAR MAPEL** by Andrew W. Mellon Foundation Playwright-in-Residence Psalmayene 24 | Directed by Natsu Onoda Power of Georgetown University  
February 2 - February 13, 2022  
Following the great success of Mosaic's online workshop production, writer and performer Psalmayene 24, director Natsu Onoda Power, and percussionist Jabari Exum created a fully realized, in-person world premiere in 2022. *Dear Mapel* told the story of Psalmayene 24's tumultuous relationship with his late father and offered audiences a humorous and heartfelt exploration of masculinity, Blackness, and fatherhood. "*Dear Mapel* exemplifies what it means to be vulnerable, to go deep within and touch those raw emotions our inner child might still feel." - MD Theater Guide

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1. ORGANIZATION AND ACTIVITIES (continued)

#### ACTIVITIES

- PRIVATE by Mona Pirnot | Directed by Knud Adams  
March 23 - April 22, 2022  
In this world premiere drama by one of the field’s most celebrated emerging writers, Georgia’s husband, Corbin, has been offered his dream job. But there’s a catch. In an all-too-near future where privacy is a commodity, one married couple grapples with which secrets they’re willing to reveal—especially to each other. *Private* thrilled audiences with its incisive examination of the state of privacy, but enticed them even more with its searing portrait of intimacy and honesty in a marriage. “*Private* is a sizzling one-act...with elegant plotting and direction.” - The Washington Post.
- MARYS SEACOLE by Jackie Sibblies Drury | Directed by Eric Ruffin of Howard University  
May 4 - May 29, 2022  
An examination of race, motherhood, healthcare, and history by Pulitzer Prize-winner Jackie Sibblies Drury, *Marys Seacole* charts one woman’s extraordinary journey through space and time: from mid-1800s Jamaica, to the frontlines of the Crimean War, to a modern-day nursing home. “A substantive meditation on caregiving and mothering, and how those sometimes overlapping activities affect the definition of the self.” - The Washington Post.
- IN HIS HANDS by Benjamin Benne | Directed by José Carrasquillo of Ford’s Theatre  
June 22 - July 17, 2022  
In this world premiere play, Daniel, a video game wizard and aspiring Lutheran pastor, is falling for Christian. But as these men explore the potential of their new relationship, voices from Christian's past threaten to overpower the connection that they share. This lyrical and poetic queer romance that asks provocative questions about faith and desire marked the DC debut of award-winning Latinx playwright Benjamin Benne. “As stirringly directed by José Carrasquillo, their every moment on stage is an occasion for mesmerizing physicality, movement choreographed to meet up with each meter of Benne’s poetic text.” - DC Theater Arts

Mosaic also developed new work throughout the year, including hosting readings of *Dainty* by Agyeiwaa Asante and *Singing My Peace* by Alma Davenport and featuring the semi-autobiography of Roz White. In addition, the company produced a virtual High School Playwriting Contest, returned to post-show conversations with a special event hosted by community activist Rayceen Pendarvis, and began the foundational work for the H Street Oral History Project. During FY22 Mosaic also completed a new Strategic Plan for the year’s 2022 through 2026, the Company’s 10th Anniversary. The Strategic Planning process was led by Chair Leslie Scallet and involved a Board and Staff Committee. Michael Kaiser served as a consultant through DeVos Institute of Arts Management.

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of Mosaic have been prepared on the accrual basis. Under the accrual basis of accounting, income is recognized in the period it is earned, and expenses are recognized when incurred.

#### **Basis of Presentation**

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Mosaic Theater Company of DC and changes therein are classified and reported as:

**Without Donor Restrictions** – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

**With Donor Restrictions** – Those resources subject to donor-imposed restrictions that will be satisfied by action of Mosaic Theater Company of DC or by passage of time.

#### **Cash and Cash Equivalents**

Mosaic considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Restricted Cash**

Restricted cash represents a donor-restricted maintenance reserve fund for the Organization.

#### **Concentration of Credit Risk**

Mosaic maintains cash balances at PNC Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various time during the year, the cash balances may exceed the federally insured limit. Mosaic believes it is not exposed to any significant credit risk on its uninsured deposits.

#### **Contributions Receivable and other Receivables**

Grants receivable include unconditional commitments from various donors that are recorded at the net realizable value that is expected to be collected by management. The Organization determines the allowance for doubtful accounts by identifying troubled accounts, considering the grantor's financial condition and current economic conditions, using historical experience applied to an aging of grants receivable. Mosaic considers receivables to be fully collectible and, therefore, no allowance for doubtful accounts is required.

#### **Property and Equipment**

Purchased assets are recorded at cost and donated assets are recorded at fair value when received. Mosaic capitalizes assets of \$1,500 or more with useful lives over one year. As of June 30, 2022, total equipment purchased was \$8,074.

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Advertising and Marketing Costs**

Advertising and marketing costs are expensed as incurred unless they specifically relate to a production in the next fiscal year, in which case they are recorded as prepaid expenses and subsequently charged to expense in the applicable fiscal year. Total advertising expense incurred \$88,323 and communication and marketing costs incurred were \$68,485.

#### **Classification of Revenues**

Mosaic has multiple sources of revenue and comprised of the following:

- **Contributions and Grants**  
Individual, foundation, corporation and local government contributions are generally available for use in the Organization's primary activity without restrictions unless contributions are made with donor-imposed stipulations.
- **Admissions Revenue**  
Single and group ticket sales and subscription sales are recognized as revenue in the year in which they relate to.
- **Contract Revenue**  
Revenue streams applicable to the Organization that qualify as exchange transactions (primarily fee for services) are recognized as the services are completed. Amounts received in advance are recorded as deferred revenue until the Organization has satisfied the requirements of the service.

#### **Deferred Revenue and Prepaid Expenses**

Advance ticket sales, group admissions, subscriptions and the related production expenses are deferred and recognized as income and expense as each show is performed.

#### **Income Taxes**

Mosaic is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

#### **Uncertain Tax Position**

The Financial Accounting Standard Board (FASB) released FASB ASC 740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended June 30, 2022, Mosaic has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements.

#### **Functional Expenses**

Expenses consist of costs related to providing artistic, production, marketing and communication, development, and administrative functions. These costs have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and in the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management believes that actual results will not be materially different from amounts provided in the accompanying financial statements.

3. PLEDGES RECEIVABLE

Grants receivables consist of outstanding amounts due for grants which have been awarded to the Organization. The Organization recognizes grant income upon notification of the unconditional grant award. Management closely monitors outstanding balances and writes off all balances past due after a certain period of time and for which all collection efforts have been exhausted. No allowance for uncollectible accounts has been provided since management has determined that the potential for bad debts is negligible. Pledges receivables consist of the following:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>TOTAL</u>
Pledges Receivables	<u>\$883,055</u>	<u>\$150,000</u>	<u>\$25,000</u>	<u>\$1,058,055</u>

4. METHODS OF ALLOCATING GENERAL MANAGEMENT

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, insurance, which are allocated based on salaries, which are allocated on the basis of estimates of time and effort.

5. DEFERRED TICKET SALES

The Organization has deferred ticket sales of \$22,870 as of June 30, 2022. Deferred ticket sales have been recorded for event deposits and prepaid program fees that are associated with future performances and for the portion of subscription fees received attributable to the current and next fiscal year broken down as follows:

Membership	\$ 13,699
Subscription ticket sales 2022-2023	5,784
Ticket sales – <i>Till Trilogy</i>	2,986
Ticket sales various performances	<u>401</u>
<b>TOTAL</b>	<b><u>\$ 22,870</u></b>

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 6. LINE OF CREDIT

Mosaic's line of credit which expired on February 23, 2021, was renewed through 2022 under the same terms. The purpose of loan is for working capital. The line of credit provides for borrowings up to \$100,000, at an interest rate of equal to the WSJ prime rate plus forty-nine (.49) basis points. As of June 30, 2022, Mosaic borrowed \$59,000, and repaid portion of the loan amounted to \$14,926. Balance as of June 30, 2022, is \$44,074.

### 7. OPERATING LEASES

Mosaic entered into a one-year lease agreement with Atlas Performing Arts Center ("Center") whereby Mosaic leased its office, theater and rehearsal space and the Center provided Mosaic with box office other services. For the year ended June 30, 2022, Mosaic incurred rent and other related expenses as follows:

Office space	\$ 19,595
Occupancy/Maintenance	1,260
Rehearsal space	10,407
Theater venue rentals	<u>116,435</u>
<b>TOTAL</b>	<b><u>\$ 147,697</u></b>

### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 consist of the following:

Playwright Psalmayene 24 (expires in FY 23)	\$ 49,048
General Support (3-year pledge) (expires FY 25)	75,000
General Support (2-year pledge)	250,000
Chicago Programming and Residency (2-year pledge)	<u>250,000</u>
<b>TOTAL</b>	<b><u>\$ 624,048</u></b>

### 9. ACTORS' EQUITY ASSOCIATION AGREEMENTS

Mosaic entered into an agreement with Actors' Equity Association ("AEA") whereby Mosaic recognizes AEA as the collective bargaining representative of AEA's members. Under the agreement Mosaic is required to make certain benefit payments for AEA members, based on a percentage of gross wages paid to AEA members.

In addition, Mosaic signed a Security Agreement with AEA. At June 30, 2022, Mosaic has \$22,328 in an account at a credit union, as security for its obligations.

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 10. RELATED PARTY TRANSACTIONS

The Organization, through the various events during the year, incurred transactions with various board members either directly or indirectly. Total revenues received for the year ended June 30, 2022 were \$172,521. Total Board donations constitute 7.34% of total revenue in fiscal year 2022.

There are two board members who are employed by Mosaic and receive annual salary from the Organization.

### 11. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Mosaic Theater Company of DC has \$2,486,136 of financial assets available within one year of the balance sheet date, reduced by \$747,328 not available for general use because contractual or donor-imposed restrictions within one year of the balance sheet date.

In addition, Mosaic maintains a revolving line of credit with a commercial bank in the amount of \$100,000. The line of credit is available to meet general obligations.

Mosaic Theater Company of DC has calculated its financial assets available within one year of the statement of financial position date for general expenditures to be as follows:

Cash and cash equivalents	\$ 1,363,081
Contracts receivables	65,000
Grant pledges	<u>1,058,055</u>
Financial assets, at year end	2,486,136
Less: Board designated "Maintaining the Momentum Fund" (	425,000)
Less: contractual or donor imposed restrictions	
Security agreement guarantee	( 22,328)
Program restrictions – time and purpose	<u>( 300,000)</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b><u>\$ 1,738,808</u></b>

Mosaic Theater Company of DC manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurances that long-term obligations will be discharged.

# MOSAIC THEATER COMPANY OF DC

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 12. COMMITMENTS

On August 30, 2018, Mosaic entered into an agreement with Patron Manager, LLC, a Delaware, limited liability to support and process ticket sales, subscriptions and donations from its patrons.

On October 2021, Mosaic Theater Company of DC and Patron Manager signed an amendment to the original agreement signed on August 30, 2018. The amendment deletes the original commencement date and is replaced by an agreement date as of “effective date” for 58 months from the first day of the month following the effective date. The effective date is October 2021, and the term shall run from July-June of each year. All terms and conditions remained the same with the exception of “Exhibition B” on *Per Ticket Pricing Plan*, by deleting the *Annual Minimum Fee Section* and replacing it with “*Annual Minimum Fee*”. The effective date is October 2021, and the term shall run from July-June of each year ending on June 30, 2023, with Year 1 having started in August 2018.

The agreement calls for a minimum fee broken down as follows:

Year 1	\$35,000
Years 2-5	\$17,500

### 13. GOVERNMENT GRANTS

During fiscal years 2022 and 2021, Mosaic participated in certain federal government programs under the Coronavirus Aid, and Economic Security (CARES) Act, including the employee retention credit (ERTC), Shuttered Venue Operators Grant (SVOG) and Paycheck Protection Program (PPP) administered under the Small Business Administration (SBA)

The amount claimed under the employee retention credit program was \$373,707 and is recorded as operating income in the Statement of Activities in fiscal year 2022.

Mosaic received a second PPP loan on April 2021 for \$150,370. The loan was fully forgiven based on qualifying expenses incurred during 2022. The amount of forgiveness plus accrued interest on the loan is recorded as income in the Statement of Activities in fiscal year 2022.

On October 20, 2021, Mosaic applied and received supplemental Shuttered Venue Operators Grant (SVOG) grant administered by Small Business Administration (SBA) for a total amount \$379,398. Terms of the grant require that Mosaic use the funds to pay allowable costs incurred between March 1, 2020, and June 30, 2022.

The grant is subject to audit under SBA. Management does not expect any significant adjustments to the financial statements as a result of such audit should they occur.



**MOSAIC THEATER COMPANY OF DC**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**14. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of November 4, 2022, the date the financial statements were available for release. Based upon this evaluation, other than previously disclosed, the Organization has determined that no other subsequent events have occurred which require adjustment to or disclosure in the financial statements.