



**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2020**

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

I have audited the accompanying financial statements of Mosaic Theater Company of DC which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimated

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDITOR'S REPORT

(continued)

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mosaic Theater Company of DC as of June 30, 2021 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.

Report on Summarized Comparative Information

I have previously audited Mosaic Theater Company of DC's 2020 financial statements, and my report dated January 2, 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, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived

No. 2021 SALT

Washington, DC
December 9, 2021

MOSAIC THEATER COMPANY OF DC

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2021

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 749,999	\$ 811,346
Cash and cash equivalents - security agreement (note 8)	22,328	22,346
Cash and cash equivalents - cash reserve	454,674	656,390
Accounts receivable	-	4,026
Contracts receivable	59,023	-
Grants & pledges receivable (note 3)	1,113,740	441,000
Prepaid and deferred expenses	27,884	35,960
	2,427,648	1,971,068
Fixed Assets		
Graphic and equipment	6,244	3,066
Less: accumulated depreciation	(3,418)	(2,718)
	2,826	348
TOTAL ASSETS	\$ 2,430,474	\$ 1,971,416
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 21,289	\$ 8,694
Loan payable (note 14)	150,370	152,500
Deferred tickets revenue (note 5)	67,895	121,323
	239,554	282,517
Total Liabilities	239,554	282,517
Commitments (note 12 and 14)	-	-
Net Assets		
Without donor restrictions:		
Board designated reserve	425,000	425,000
Designated for general operations (note 16)	993,920	570,899
	1,418,920	995,899
With donor restrictions (note 7)	772,000	693,000
	2,190,920	1,688,899
TOTAL LIABILITIES AND NET ASSETS	\$ 2,430,474	\$ 1,971,416

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, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE				
Contributions - Individuals	\$ 429,179	\$ -	\$ 429,179	\$ 825,301
Contributions - Foundations and Corporations	495,101	500,000	995,101	1,810,173
Contributions - State Government	216,182	-	216,182	145,597
Government grant (note 9)	152,500	-	152,500	-
Admissions - individual and group ticket sales	2,023	-	2,023	193,099
Admissions - subscription sales	17,581	-	17,581	95,026
Service fees	1,577	-	1,577	23,387
Dividends and interest income	711	-	711	1,591
Other revenue	3,899	-	3,899	3,528
Net assets released from restrictions for expenses incurred and timing difference	421,000	(421,000)	-	-
TOTAL REVENUE	1,739,753	79,000	1,818,753	3,097,702
EXPENSES				
Program Services Expenses:				
Performances	850,885	-	850,885	1,833,782
Total Program Services Expenses	850,885	-	850,885	1,833,782
Supporting Services Expenses:				
Management and General	265,300	-	265,300	273,332
Fundraising	200,547	-	200,547	212,390
Total Supporting Services Expenses	465,847	-	465,847	485,722
TOTAL EXPENSES	1,316,732	-	1,316,732	2,319,504
Change in net assets	423,021	79,000	502,021	778,198
Net Assets, Beginning of Year	995,899	693,000	1,688,899	910,701
NET ASSETS, END OF YEAR	\$ 1,418,920	\$ 772,000	\$ 2,190,920	\$ 1,688,899

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, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	Program Expenses (Performances)	Management and General	Fund- raising	2021	2020
Salary expense - staff	\$ 406,092	\$ 193,638	\$ 135,860	\$ 735,590	\$ 703,753
Salary expense - actors	22,263	-	-	22,263	273,920
Salary expense - stage managers	8,658	-	-	8,658	77,072
Payroll taxes & fringe benefits	51,870	24,733	17,353	93,956	83,414
Accounting and audit fees	16,461	7,849	5,507	29,817	26,614
Administrative expenses	9,545	4,551	3,193	17,289	20,902
Advertising	31,324	-	-	31,324	81,627
Bank transaction fees	2,827	1,348	945	5,120	13,782
Box office processing fee	14,216	-	-	14,216	61,551
Business insurance - workers' compensation	9,441	4,502	3,158	17,101	31,072
Computer hardware and software	12,614	6,015	4,219	22,848	6,887
Consultants - contractor fees	77,368	-	-	77,368	79,788
Consultants - directors & designer fees	(100)	-	-	(100)	142,329
Consultants - non-union crew	1,068	-	-	1,068	101,530
Depreciation	130	570	-	700	1,022
Development	466	7,254	20,496	28,216	47,750
Interest expense	-	-	-	-	911
Legal and professional fees	24,993	11,917	8,361	45,271	14,625
Marketing and communications	28,138	-	-	28,138	69,497
Outreach and education	55,520	-	-	55,520	-
Parking	-	-	-	-	24,252
Presenting fees and casting	300	-	-	300	867
Printing, postage and supplies	-	850	-	850	1,528
Production expenses - housing & travel	1,174	-	-	1,174	14,869
Production expenses - materials	64,757	-	-	64,757	166,195
Production expenses - workshop	-	-	-	-	10,772
Rent - office space	4,348	2,073	1,455	7,876	49,703
Rent - theater and rehearsal space	4,927	-	-	4,927	143,820
Royalties and literary	2,177	-	-	2,177	58,735
Workshops and readings	308	-	-	308	10,717
Total Expenses	\$ 850,885	\$ 265,300	\$ 200,547	\$ 1,316,732	\$ 2,319,504

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, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in net assets	\$ 502,021	\$ 778,198
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	700	1,022
(Increase) decrease in:		
Grants receivable	(672,740)	268,999
Accounts receivable	4,026	161,941
Contracts receivable	(59,023)	-
Prepaid expenses	8,076	22,643
Increase (decrease) in:		
Accounts payable and accrued expenses	12,595	(103,771)
Loan payable	(2,130)	152,500
Deferred ticket sales	(53,428)	(14,796)
Net cash (used) provided by operating activities	<u>(259,903)</u>	<u>1,266,736</u>
Cash flows from investing activities		
Purchase of equipment	(3,178)	-
Net cash flows used in investing activities	<u>(3,178)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repay Loan - commercial line of credit	-	(49,176)
Forgiveness of loans from board members	-	(59,500)
Repay and loan proceed from board members	-	(45,500)
Net cash (used in) provided by financing activities	<u>-</u>	<u>(154,176)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(263,081)	1,112,560
Cash, beginning of year	1,490,082	377,522
CASH & CASH EQUIVALENT, END OF YEAR	<u>\$ 1,227,001</u>	<u>\$ 1,490,082</u>
CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 749,999	\$ 811,346
Cash and cash equivalents - security agreement	22,328	22,346
Cash and cash equivalents - cash reserve	454,674	656,390
	<u>\$ 1,227,001</u>	<u>\$ 1,490,082</u>

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, 2021

1. ORGANIZATION AND ACTIVITIES

ORGANIZATION

Mosaic Theater Company of DC is a professional regional theater company that produces intercultural, socially relevant theater that inspires empathy and understanding. The plays it produces activate community dialogue through robust public programming; the Company's education efforts develop future theater makers from diverse backgrounds. Mosaic was incorporated in December 2014 in Washington, DC and is an independent not-for-profit corporation. The Company was founded by playwright Ari Roth and philanthropist Dan Logan, with major support from the Reva and David Logan Foundation.

Mosaic began FY21 in a healthy financial position in spite of the pandemic; the fiscal year closed with the Company even stronger. Investing in continuity, the Board of Trustees supported the full-time employment of the entire staff; no layoffs or furloughs were implemented. Production expenses for high quality digital programming were carefully monitored, supporters gave generously to ensure Mosaic's future, and business staff successfully applied for all government pandemic relief opportunities. Overall, the thoughtful collaborative planning of Board and Staff left cash reserves intact setting up the Company well for FY22 and beyond.

ACTIVITIES

Due to the ongoing health emergency, Mosaic Theater Company produced and presented digitally during its 2021 fiscal year. Projects included two fully produced online plays, a live-streamed workshop, numerous online events and educational opportunities, and an in-person outdoor concert event.

Inherit the Windbag by Alexandra Petri and directed by Lee Mikeska Gardner streamed via Video on Demand in 8 episodes February through June 2021. *Keffiyeh/Made in China* by Dalia Taha and directed by Adam Kassim streamed in 7 episodes April through October 2021. Mosaic's digital production of *Keffiyeh/Made in China* was presented by the DC Palestinian Film and Arts Festival as part of their 2021 season the weekend of October 22nd. Additionally, a public screening of the play was hosted by Andy Shallal's DC restaurant group Busboys and Poets, followed by a panel discussion moderated by Shallal with artists from the project and cultural leaders from the Museum of the Palestinian People.

A workshop production of the new play *Dear Mapel*, by Andrew W. Mellon Playwright in Residence Psalmayene 24, directed by Natsu Onoda Power, was live-streamed on October 26, 2020 and a reprise streamed January 12, 2021.

Educational opportunities offered by Mosaic included eight online playwriting workshops, free and open to the public, held in partnership with the DC Public Library. Winners of Mosaic's Inaugural Playwriting Contest for public and charter high school students received readings of their plays by professional actors and the showcase streamed on February 26, 2021. Mosaic Apprentice Yasmin Eubanks produced *Creative*

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. ORGANIZATION AND ACTIVITIES (continued)

ACTIVITIES

Conversation: Go Go to Vote on October 29, 2020 and Apprentice Eli Bradley produced *#Enough* play readings that streamed on December 14, 2020. *Constellations*, a dramaturgical companion of artistic responses to *Keffiyeh/Made in China* was curated by Apprentice Fargo Tbakhi.

Online public programming events during FY21 included: *The Artists of Marys Seacole*, *The Artists of Remember This: The Lesson of Jan Karski*, *Psalmayene 24: A Vision of the Artist*, *Howard Theater and U Street Development/The Intersection of Art and Economics*, *Alexandra Petri - Playwright of Inherit the Windbag*, *The Future of Theater in the DMV*, *Remembering Ruth Bader Ginsburg*, *three Peace Cafes with Seeds of Peace*, *World Building: Playwrights Writing the Moment*, *At the Borderlands: How We Make Home* and *Storytelling the Beauty & Diversity of Black Manhood*.

Mosaic produced an in-person concert, “Party on the Plaza,” at the DC International Trade building on May 23, 2021.

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.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Contributions Receivable and other Receivables (continued)

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 \$2,500 or more with useful lives over one year. As of June 30, 2021, total equipment purchased was \$3,066.

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.

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.

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.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, 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.

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.

Recent Accounting Changes (Not yet adopted)

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization's combined financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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:

Year 1 (FY 22)	\$ 863,740
Year 2 (FY 23)	125,000
Year 3 (FY 24)	<u>125,000</u>
TOTAL	<u>\$1,113,740</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 \$67,895 as of June 30, 2021. Deferred ticket sales have been recorded for event deposits and prepaid program fees that are associated with future performances and performances that were cancelled because of Covid-19 and for the portion of subscription fees received attributable to the current and next fiscal year broken down as follows:

Subscription received in season 5 to season 7	\$ 9,407
Subscription ticket sales 2020-2021	22,931
Ticket sales – <i>Inherit the Windbag</i>	20,080
Ticket sales – <i>Till Trilogy</i>	7,030
Ticket sales various performances – refund	<u>8,447</u>
TOTAL	<u>\$ 67,895</u>

6. LINE OF CREDIT

Mosaic's line of credit which expired on February 23, 2020, was renewed through 2021 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, 2021, the balance is zero.

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

7. OPERATING LEASES

Mosaic entered into agreements 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 years ended June 30, 2021, and 2020 Mosaic incurred rent and other related expenses as follows:

	<u>2021</u>	<u>2020</u>
Office space	\$ 7,312	\$ 47,291
Ticket sales	--	36,643
Theater venue rentals	--	<u>132,250</u>
TOTAL	<u>\$ 7,312</u>	<u>\$216,184</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 consist of the following:

Playwright Psalmayene 24 (expires in FY 23)	\$ 147,000
General Support (3-year pledge)	375,000
Chicago Programming and Residency (2-year pledge)	<u>250,000</u>
TOTAL	<u>\$ 772,000</u>

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, 2021, Mosaic has \$22,328 in an account at a credit union, as security for its obligations.

10. PAYCHECK PROTECTION PROGRAM

Government revenue reflected in the statement of activities for the year ended June 30, 2021, represents the forgiven portion of a Small Business Association (SBA) Paycheck Protection Program (PPP) loan in the amount of \$152,500. Using the government grant model under FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization recognized the amount as a government grant, in substance.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

11. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Mosaic Theater Company of DC has \$2,399,764 of financial assets available within one year of the balance sheet date, reduced by \$1,219,328 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	\$ 1,227,001
Contracts receivables	59,023
Grant pledges	<u>1,113,740</u>
Financial assets, at year end	2,399,764
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>(772,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,180,436</u>

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.

12. RELATED PARTY TRANSACTIONS

During the course of the year, board members contributed to the organization a total of \$194,504. Total Board donations constitute 10.69% of total revenue received in fiscal year 2021.

There is one board member who is employee of Mosaic and receives annual salary from the Organization.

The Organization, through the various events during the year, incurred transactions with various board members either directly or indirectly. Total revenues received for the years ended June 30, 2021, and 2020 were \$194,504 and \$243,399 respectively.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

13. 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. The agreement is for 58 months, from the effective date October 2021. (See note 15).

14. LOAN PAYABLE

In April 9, 2021, Mosaic received a second draw PPP Loan in the amount of \$150,370. The second draw PPP Loan is evidenced by a promissory note. Under the terms of the second draw PPP Loan, interest accrues on the outstanding principal at the rate of 1.0% per annum. The second draw RE Loan matures in April 2026, though it may be payable sooner in connection with an event of default.

The promissory note may be forgiven by the Small Business Administration in whole or in part. Mosaic intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

15. SUBSEQUENT EVENTS

The Organization is currently evaluating the impact the COVID-19 pandemic could have on its potential future operations. Operations have been temporarily suspended and there has been a decline in ticket sales and subscription sales. No adjustment has been recorded for this decline or for the possible impact on future operations as this is not determinable as of the date of the financial statements.

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of December 9, 2021, 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.

Subsequent to the balance sheet date, Mosaic submitted the application for PPP2 loan for forgiveness and had been accepted by the bank for forgiveness and forwarded to SBA for final approval.

Subsequent to the balance sheet date, 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

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

15. SUBSEQUENT EVENTS (continued)

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

16. WITHOUT DONOR RESTRICTIONS

As of June 30, 2021, donors without restrictions designated for general operations totaled \$993,920. Of this amount, because of the pandemic in March 2020, the cost of production of the Till Trilogy in the amount of \$392,770 was suspended. We anticipate presuming the production of Till Trilogy in fiscal year beginning of July 2022.