



**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2019**

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, 2020, 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, 2020 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 2019 financial statements, and my report dated January 2, 2020 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, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived

Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended June 30, 2020, Mosaic adapted and retrospectively applied ASU 2014-09, Revenue from Contracts with Customers, as amended, (Topic 606) and Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Non-for-Profit Entities* (Topic 958); Clarifying the scope and Accounting Guidance for Contributions Received and Contributions made in 2020. My opinion is not modified with respect to this matter.

No. 2019 S&A

Washington, DC
December 31, 2020

MOSAIC THEATER COMPANY OF DC

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 811,346	\$ 211,844
Cash and cash equivalents - security agreement (note 10)	22,346	22,340
Cash and cash equivalents - cash reserve	656,390	143,338
Accounts receivable	4,026	165,966
Grants & pledges receivable (note 3)	441,000	710,000
Prepaid and deferred expenses	35,960	58,603
Total Current Assets	<u>1,971,068</u>	<u>1,312,091</u>
Fixed Assets		
Graphic	3,066	3,066
Less: accumulated depreciation	(2,718)	(1,696)
Total Fixed Assets, Net	<u>348</u>	<u>1,370</u>
TOTAL ASSETS	<u>\$ 1,971,416</u>	<u>\$ 1,313,461</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,694	\$ 112,465
Commercial line of credit (note 9)	-	49,176
Loan payable (note 13)	152,500	-
Deferred tickets revenue (note 5)	121,323	136,119
Total Current Liabilities	<u>282,517</u>	<u>297,760</u>
Long Term Liabilities		
Loan advances from Board members (note 11)	-	105,000
Total Long-Term Liabilities	<u>-</u>	<u>105,000</u>
Total Liabilities	<u>282,517</u>	<u>402,760</u>
Commitments (note 12 and 14)		
	<u>-</u>	<u>-</u>
Net Assets		
Without donor restrictions:		
Board designated reserve	425,000	125,000
Designated for general operations	570,899	550,701
Total without donor restrictions	<u>995,899</u>	<u>675,701</u>
With donor restrictions (note 7)	<u>693,000</u>	<u>235,000</u>
Total net assets	<u>1,688,899</u>	<u>910,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,971,416</u>	<u>\$ 1,313,461</u>

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, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	Without Donor Restrictions	With Donor Restrictions	2020	2019
REVENUE				
Contributions - Individuals	\$ 825,301	\$ -	\$ 825,301	\$ 904,919
Contributions - Foundations and Corporations	1,142,173	668,000	1,810,173	1,290,877
Contributions - State Government	145,597	-	145,597	127,312
Admissions - individual and group ticket sales	193,099	-	193,099	548,795
Admissions - subscription sales	95,026	-	95,026	183,766
Service fees	23,387	-	23,387	43,034
Dividends and interest income	1,591	-	1,591	345
Gain on sale of investments	-	-	-	1,333
Other revenue	3,528	-	3,528	9,237
Net assets released from restrictions for expenses incurred and timing differences in unrestricted net assets	110,000	(110,000)	-	-
Release of collateral on line of credit	100,000	(100,000)	-	-
TOTAL REVENUE	2,639,702	458,000	3,097,702	3,109,618
EXPENSES				
Program Services Expenses:				
Performances	1,833,782	-	1,833,782	2,128,279
Total Program Services Expenses	1,833,782	-	1,833,782	2,128,279
Supporting Services Expenses:				
Management and General	273,332	-	273,332	209,012
Fundraising	212,390	-	212,390	205,995
Total Supporting Services Expenses	485,722	-	485,722	415,007
TOTAL EXPENSES	2,319,504	-	2,319,504	2,543,286
Change in net assets	320,198	458,000	778,198	566,332
Net Assets, Beginning of Year	675,701	235,000	910,701	344,369
NET ASSETS, END OF YEAR	\$ 995,899	\$ 693,000	\$ 1,688,899	\$ 910,701

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, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	Program Expenses (Performances)	Management and General	Fund- raising	2020	2019
Salary expense - staff	\$ 388,516	\$ 185,257	\$ 129,980	\$ 703,753	\$ 664,847
Salary expense - actors	273,616	304	-	273,920	168,560
Salary expense - stage managers	77,072	-	-	77,072	53,968
Payroll taxes & fringe benefits	46,115	21,989	15,310	83,414	137,591
Accounting and audit fees	14,714	7,016	4,884	26,614	33,528
Administrative expenses	17,307	3,595	-	20,902	13,055
Advertising	81,627	-	-	81,627	132,284
Bank transaction fees	8,773	1,404	3,605	13,782	91,583
Box office processing fee	61,551	-	-	61,551	70,742
Business insurance - workers' compensation	17,178	8,191	5,703	31,072	39,732
Computer hardware and software	2,092	4,795	-	6,887	4,328
Consultants - contractor fees	75,956	182	3,650	79,788	53,247
Consultants - directors & designer fees	142,329	-	-	142,329	162,848
Consultants - non-union crew	101,530	-	-	101,530	132,039
Depreciation	-	1,022	-	1,022	848
Development	10,119	7,661	29,970	47,750	61,082
Interest expense	-	911	-	911	-
Legal fees	-	14,625	-	14,625	-
Marketing and communications	58,272	1,225	10,000	69,497	51,682
Parking	24,252	-	-	24,252	20,167
Presenting fees and casting	867	-	-	867	37,976
Printing, postage and supplies	-	1,512	16	1,528	45,643
Production expenses - housing & travel	14,209	511	149	14,869	37,134
Production expenses - materials	166,174	21	-	166,195	152,674
Production expenses - workshop	10,772	-	-	10,772	15,594
Rent - office space	27,478	13,102	9,123	49,703	63,860
Rent - theater and rehearsal space	143,820	-	-	143,820	237,090
Royalties and literary	58,726	9	-	58,735	58,051
Workshops and readings	10,717	-	-	10,717	3,133
Total Expenses	\$ 1,833,782	\$ 273,332	\$ 212,390	\$ 2,319,504	\$ 2,543,286

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, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in net assets	\$ 778,198	\$ 566,332
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,022	848
(Increase) decrease in:		
Grants receivable	268,999	(585,000)
Accounts receivable	161,941	(126,620)
Prepaid expenses	22,643	(17,862)
Increase (decrease) in:		
Accounts payable and accrued expenses	(103,771)	84,456
Deferred ticket sales	(14,796)	22,765
Net cash provided (used) by operating activities	<u>1,114,236</u>	<u>(55,081)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repay Loan - commercial line of credit	(49,176)	(61,310)
Loan proceeds - commercial line of credit	-	110,486
Loan proceed from PPP	152,500	-
Forgiveness of loans from board members	(59,500)	-
Repay and loan proceed from board members	(45,500)	105,000
Net cash (used in) provided by financing activities	<u>(1,676)</u>	<u>154,176</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,112,560	99,095
Cash, beginning of year	<u>377,522</u>	<u>278,427</u>
CASH & CASH EQUIVALENT, END OF YEAR	<u>\$ 1,490,082</u>	<u>\$ 377,522</u>
CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 811,346	\$ 211,844
Cash and cash equivalents - security agreement	22,346	22,340
Cash and cash equivalents - cash reserve	656,390	143,338
	<u>\$ 1,490,082</u>	<u>\$ 377,522</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, 2010

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.

ACTIVITIES

Between July 1, 2019 and June 30, 2020 Mosaic produced four productions in the Lang Theater at the Atlas Performing Arts Center. *Fabulation* by Lynn Nottage and directed by Eric Ruffin, *Theory* by Norman Yeung and directed by Mosaic Associate Artistic Director Victoria Murray Baatin, *Eureka Day*, written by Jonathan Spector and directed by Mosaic Managing Director and Producer Serge Seiden, and *Pilgrims Musa and Sheri in the New World*, written by Yussef El Guindi and directed by Shirley Serotsky.

Two World Premiere productions, *Inherit the Windbag* written by Alexandra Petri and directed by Lee Mikeska Gardner and *The Till Trilogy* written by Ifa Bayeza and directed by Talvin Wilks, were in rehearsal when the health emergency struck. *Inherit the Windbag* was later video-captured for streaming. When it is safe to do so, the Company will resume performances of *Inherit the Windbag* and production of *The Till Trilogy*.

Additional New Play Development activities in FY20 included a reading of *For My Silent Sisters* by Tara Meddaugh, a Mosaic on the Move presentation in partnership with the DC Public Library. Mosaic also produced concert readings of *Bereaved* by Joshua Sobol and *I Was There* by Motti Lerner.

In 2020 Mosaic created a new full time staff position, Director of Education and Outreach, to carry out and grow the Company's commitment to education and public programming. Mosaic promotes the education of future theater makers from diverse backgrounds through its Apprentice and Internship programs. Accomplishments of paid year-long apprentices in FY20 included producing new play development readings, assistant directing, and community service like the *Eureka Day* book drive.

Free weekday matinees and post-show discussion for seniors and students provided intergenerational opportunities for entertainment and education during performances of *Fabulation*, *Theory*, *Eureka Day* and *Pilgrims Musa and Sheri*. Due to the pandemic, public programming in March 2020 pivoted from in person to online events that included Creative Conversations, Peace Cafes, and Book Club discussions. Fourteen Mosaic Alive virtual public programming events were held online between April and June including the Encountering Emmett Series with Lonnie G. Bunch III.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

1. ORGANIZATION AND ACTIVITIES (continued)

In order to emerge as strongly as possible from the pandemic, Mosaic retained its full time staff and pivoted from live performances to virtual operations.

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.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020, 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.

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.

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, 2020, 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.

MOSAIC THEATER COMPANY OF DC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Adopted Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09, Revenue Recognition (Topic 606)—Revenue from Contracts with Customers. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On July 1, 2019, Mosaic adopted ASU 2014-09, using modified retrospective approach. Mosaic applied the five step revenue model stipulated by ASDC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five step model requires Mosaic to:

1. Identify contracts with customers,
2. Identify performance obligations related to those contracts,
3. Determine the transaction price,
4. Allocate that transaction price to each performance obligation, and
5. Recognize revenue when or as Mosaic satisfies a performance obligation.

The adoption of this ASU 2014-09 did not materially impact the timing of revenue recognized by Mosaic in the financial statements

Recent Accounting Changes (Not yet adopted)

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.

3. PLEDGES RECEIVABLE

Grants receivable 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.

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

3. PLEDGES RECEIVABLE (continued)

Pledges receivable consist of the following:

	<u>2021</u>	<u>2022</u>	<u>TOTAL</u>
Playwright Psalmayene 24	\$ 146,000	\$ -	\$ 146,000
Pledges – General Support	20,000	-	20,000
Chicago Programming and Residency	125,000	125,000	250,000
Performance	25,000	-	25,000
TOTAL	<u>\$ 316,000</u>	<u>\$125,000</u>	<u>\$441,000</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 \$121,323 as of June 30, 2020. 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 ticket sales 2020-2021	\$ 20,668
Subscription ticket sales 2019-2020	65,098
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>\$121,323</u>

6. 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 year ended June 30, 2020, Mosaic incurred rent and other related expenses as follows:

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

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 consist of the following:

Playwright Psalmayene 24	\$ 293,000
The Trish Vradenburg Play Commission	25,000
Chicago Programming and Residency	<u>375,000</u>
TOTAL	<u>\$ 693,000</u>

8. 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, 2020, Mosaic has \$22,346 in an account at a credit union, as security for its obligations.

9. LINE OF CREDIT

Mosaic's line of credit which expired on February 23, 2019 was renewed through 2020 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, 2020 the balance is zero.

10. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Mosaic Theater Company of DC has \$1,935,108 of financial assets available within one year of the balance sheet date, reduced by \$1,115,340 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	\$ 1,490,082
Accounts receivables	4,026
Grant pledges	<u>441,000</u>
Financial assets, at year end	1,935,108

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

10. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT (continued)

Less: Board designated "Maintaining the Momentum Fund" (425,000)
Less: contractual or donor imposed restrictions	
Security agreement guarantee	(22,340)
Program restrictions – time and purpose	<u>(693,000)</u>

**Financial assets available to meet cash needs for
general expenditures within one year** **\$ 794,768**

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.

11. RELATED PARTY TRANSACTIONS

During the course of the year, board members contributed to the organization a total of \$243,399. Total Board donations constitute 7.86% of total revenue received in fiscal year 2020.

There are two board members who are employees of Mosaic and receive 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, 2020 and 2019 were \$243,399 and \$170,575 respectively.

On November 1, 2018, four Board members, advanced Mosaic collectively \$105,000. A Promissory Note was signed between the Organization and the individual board members (borrowers). The Promissory Note stipulates that the purpose of the loan is for working capital at no interest. During the course of the fiscal year, Mosaic repaid \$45,500 of the \$105,000 and the balance of \$59,500 was forgiven and recorded as contribution in the statement of activities for the year ended June 30, 2020.

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. The agreement is for 36 months, and if not terminated, the term shall be automatically extended for another 36 months.

MOSAIC THEATER COMPANY OF DC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

13. LOAN PAYABLE

On May 4, 2020, Mosaic received loan proceeds in the amount of \$152,500 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses and for not-for-profits organizations under section 501 (c) (3) for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months.

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. Mosaic will record revenue from debt extinguishments during the period that forgiveness was approved.

14. 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 from last year by approximately 60%. 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 31, 2020, 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, on November 5, 2020, 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 60 months from the first day of the month following the effective date. 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 agreement calls for a minimum fee broken down as follows:

Year 1	\$35,000
Years 2-3	\$17,500
Years 4-5	\$35,000