

**Williamstown Theatre  
Foundation, Inc.**

Financial Statements

December 31, 2018 and 2017

**Williamstown Theatre Foundation, Inc.**  
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## Independent Auditors' Report

To the Board of Trustees of  
Williamstown Theatre Foundation, Inc.

We have audited the accompanying financial statements of Williamstown Theatre Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Williamstown Theatre Foundation, Inc. as of December 31, 2018, 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.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Organization implemented the provisions of the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Correction of Error**

As discussed in Note 3 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for unconditional promises to give as of December 31, 2017 were discovered by management of the Organization during the current year. Accordingly, amounts reported for unconditional promises to give and net assets have been restated in the 2017 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2017, to correct the error. Our opinion is not modified with respect to that matter.

*Smith, Watson + Company, LLP*

Smith, Watson & Company, LLP  
North Adams, Massachusetts  
October 23, 2019

Williamstown Theatre Foundation, Inc.  
 Statements of Financial Position  
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> <u>Restated</u>
<b>Assets</b>		
Current Assets:		
Cash and equivalents	\$ 733,205	\$ 407,877
Restricted cash - SSDC Bond	4,767	4,767
Current unconditional promises to give, net of allowance for uncollectible pledges of \$80,000 (Note 4)	27,619	27,619
Miscellaneous receivables	17,823	13,130
Prepaid expenses	<u>39,085</u>	<u>48,498</u>
<b>Total Current Assets</b>	822,499	501,891
Unconditional promises to give, net of current amounts (Note 4)	321,533	321,533
Property and equipment, net (Note 6)	642,006	110,586
Long-term investments, at market value (Note 5)	<u>4,155,706</u>	<u>4,936,384</u>
<b>Total Assets</b>	<u>\$ 5,941,744</u>	<u>\$ 5,870,394</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 448,758	\$ 272,998
Deferred revenue	<u>-</u>	<u>176,560</u>
<b>Total Current Liabilities</b>	448,758	449,558
<b>Total Liabilities</b>	<u>448,758</u>	<u>449,558</u>
<b>Net Assets</b>		
Without donor restrictions (Note 9)	1,139,840	1,397,997
With donor restrictions (Note 10)	<u>4,353,146</u>	<u>4,022,839</u>
<b>Total Net Assets</b>	<u>5,492,986</u>	<u>5,420,836</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,941,744</u>	<u>\$ 5,870,394</u>

The accompanying notes are an integral part of these financial statements.

**Williamstown Theatre Foundation, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2018 with Summarized**  
**Financial Information for the Year Ended December 31, 2017**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2018</u>	<u>Summarized</u> <u>Information</u> <u>2017</u> <u>Restated</u>
<b>Public Support</b>				
Government grants	\$ 43,000	\$ -	\$ 43,000	\$ 22,320
Contributions	1,795,418	250,250	2,045,668	1,516,728
In-kind donations	38,913	-	38,913	26,060
Benefits (net of expenses of \$158,668 and \$154,887 respectively)	<u>358,195</u>	<u>-</u>	<u>358,195</u>	<u>400,073</u>
<b>Total Public Support</b>	<u>2,235,526</u>	<u>250,250</u>	<u>2,485,776</u>	<u>1,965,181</u>
<b>Revenues</b>				
Ticket sales	2,067,496	-	2,067,496	1,650,263
Outside productions	634,144	-	634,144	405,000
Ticket sales service charges	76,951	-	76,951	62,820
Anniversary book sales	30	-	30	240
Program advertising	54,800	-	54,800	52,450
Royalties	5,663	-	5,663	6,223
Concessions	15,848	-	15,848	-
Apprentice fees and tuition	104,900	-	104,900	97,050
Room, board, housing, and rent	373,082	-	373,082	326,765
Investment support for operating activities	199,973	-	199,973	148,102
Merchandise sales	21,108	-	21,108	18,196
Miscellaneous	2,215	-	2,215	8,977
Net assets released from restriction by donors (Note 11)	140,947	(140,947)	-	-
Transfer of earnings and unrealized gain/loss to net assets without donor restriction	<u>(221,004)</u>	<u>221,004</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>3,476,153</u>	<u>80,057</u>	<u>3,556,210</u>	<u>2,776,086</u>
<b>Total Public Support &amp; Revenue</b>	<u>5,711,679</u>	<u>330,307</u>	<u>6,041,986</u>	<u>4,741,267</u>
<b>Functional Expenses</b>				
Program service	4,475,343	-	4,475,343	3,923,668
Management and general	746,612	-	746,612	741,494
Fundraising	<u>226,977</u>	<u>-</u>	<u>226,977</u>	<u>203,887</u>
<b>Total Functional Expenses</b>	<u>5,448,932</u>	<u>-</u>	<u>5,448,932</u>	<u>4,869,049</u>
<b>Change in Net Assets From Operating Activities</b>	<u>262,747</u>	<u>330,307</u>	<u>593,054</u>	<u>(127,782)</u>
<b>Non-Operating Activities</b>				
Gain (loss) on sale of assets	(3,331)	-	(3,331)	-
Investment income (loss) in excess of operating support	<u>(517,573)</u>	<u>-</u>	<u>(517,573)</u>	<u>437,000</u>
<b>Total Non-Operating Activities</b>	<u>(520,904)</u>	<u>-</u>	<u>(520,904)</u>	<u>437,000</u>
<b>Increase (decrease) in net assets</b>	<u>(258,157)</u>	<u>330,307</u>	<u>72,150</u>	<u>309,218</u>
Net Assets Beginning of Year	<u>1,397,997</u>	<u>4,022,839</u>	<u>5,420,836</u>	<u>5,111,618</u>
<b>Net Assets End of Year</b>	<u>\$ 1,139,840</u>	<u>\$ 4,353,146</u>	<u>\$ 5,492,986</u>	<u>\$ 5,420,836</u>

The accompanying notes are an integral part of these financial statements.

**Williamstown Theatre Foundation, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2018 with Summarized  
Financial Information for the Year Ended December 31, 2017

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>	<u>Summarized Information 2017 Restated</u>
Compensation and fees	\$ 1,594,612	\$ 409,427	\$ 150,842	\$ 2,154,881	\$ 1,993,161
Payroll taxes	131,324	33,718	12,422	177,464	153,385
Employee benefits	170,976	43,899	16,173	231,048	206,547
Production costs	1,251,204	-	-	1,251,204	996,687
Scripts and royalties	123,417	-	-	123,417	102,590
Advertising and promotion	116,724	-	-	116,724	104,223
Program printing	63,126	-	-	63,126	50,664
Scholarships and fellowships	15,100	-	-	15,100	13,250
Fundraising and development	-	-	47,540	47,540	39,171
Postage and duplication	8,913	-	-	8,913	7,516
Office supplies and expenses	-	29,032	-	29,032	18,689
Telephone	-	10,565	-	10,565	9,269
Insurance	90,909	-	-	90,909	125,105
Box office and ticket sale expense	85,238	-	-	85,238	75,404
Concession and taxes	3,372	-	-	3,372	883
Auditions and personnel search	20,070	-	-	20,070	9,940
Memberships and miscellaneous	16,898	-	-	16,898	13,970
Facilities, board and food	691,573	-	-	691,573	609,821
Occupancy	-	116,688	-	116,688	109,642
Transportation and hauling	80,496	-	-	80,496	61,091
Audit and accounting	-	58,027	-	58,027	54,639
Legal expense	-	37,340	-	37,340	44,360
Interest	-	-	-	-	50,000
<b>Total Expenses Before Depreciation</b>	<b>4,463,952</b>	<b>738,696</b>	<b>226,977</b>	<b>5,429,625</b>	<b>4,850,007</b>
Depreciation and amortization	11,391	7,916	-	19,307	19,042
<b>Total Functional Expenses</b>	<b>\$ 4,475,343</b>	<b>\$ 746,612</b>	<b>\$ 226,977</b>	<b>\$ 5,448,932</b>	<b>\$ 4,869,049</b>

The accompanying notes are an integral part of these financial statements.

Williamstown Theatre Foundation, Inc.  
 Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> <u>Restated</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 72,150	\$ 309,218
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,307	19,042
Unrealized (gain) loss on investments	553,966	(254,342)
Realized gain on investments	(133,829)	(172,353)
Donated securities	25,135	-
(Increase) decrease in operating assets:		
Miscellaneous receivables	(4,693)	(12,388)
Prepays and other assets	9,413	(100)
Increase (decrease) in operating liabilities		
Accounts payable and other	(802)	156,900
<b>Net cash provided by operating activities</b>	<u>540,647</u>	<u>45,977</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of securities	2,528,345	1,737,292
Purchases of securities	(2,077,540)	(1,770,371)
Reinvested interest and dividends	(115,399)	(108,132)
Purchase of property, plant, & equipment	(554,056)	-
Loss on disposal of assets	3,331	-
<b>Net cash used for investing activities</b>	<u>(215,319)</u>	<u>(141,211)</u>
Net increase (decrease) in cash and equivalents	325,328	(95,234)
Cash and equivalents at beginning of year	<u>407,877</u>	<u>503,111</u>
Cash and equivalents at end of year	<u>\$ 733,205</u>	<u>\$ 407,877</u>

The accompanying notes are an integral part of these financial statements.



**1. Organization and Operations**

The Williamstown Theatre Foundation, Inc., a Massachusetts Corporation, is a publicly supported non-profit organization exempt from income taxes under section 501(a) of the Internal Revenue Code Section 501(c)(3). The Corporation, also known as the Williamstown Theatre Festival, was formed to promote, teach and develop artistic abilities and other skills in the field of theatrical performances.

**2. Summary of Significant Accounting Policies**

***Method of Accounting***

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

***Financial Accounting Standards Board Codification***

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 105, *Generally Accepted Accounting Principles*, which became the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP) recognized by FASB. FASB ASC Topic 958 pertains specifically to Not-for-Profit entities and the accompanying financial statements of the Foundation include references to this codification.

***Accounting Standards Update***

The Foundation has adopted the Financial Accounting Standards Board Accounting Standards Update (Update) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which updates and supersedes previous guidance for certain disclosures. Under the new guidance, the three-category classification of net assets is now reported in two categories: with donor restrictions and without donor restrictions. Additional requirements include disclosure of board designated net assets (Note 9), expanded reporting to present expenses by function and natural classification (Statement of Functional Expenses), and additional disclosures on the Foundation's liquidity management policy (Note 14). As required by the Update, the Foundation has reclassified net assets retrospectively. Unrestricted net assets of \$1,397,997 at December 31, 2017 have been reclassified to *net assets without donor restrictions* on the Statement of Financial Position and the Statement of Activities. Temporarily restricted net assets of \$801,575 and permanently net assets of \$3,221,264 at December 31, 2017 have been restated as *net assets with donor restrictions* of \$4,022,839 on the Statement of Financial Position and the Statement of Activities. As permitted by the Update, disclosures on liquidity management have been omitted for periods starting before January 1, 2018.

***Cash and Equivalents***

For the Statement of Cash Flows, cash and equivalents consist of demand checking accounts and highly liquid investments with maturities of three months or less. All highly liquid short-term investments are excluded from cash and equivalents if they are purchased with contributions restricted by the donor to long-term investments.

***Unconditional Promises to Give and Allowance for Uncollectible Pledges***

Unconditional promises to give are recorded when the pledge is made and considered to be available for unrestricted use unless specifically restricted by the donor. The balance in the allowance for uncollectible pledges was \$80,000 at December 31, 2018 and 2017.

**Marketable Securities and Investments**

Investments are presented in the financial statements at fair market value in accordance with FASB ASC 958-320.

**Property and Equipment**

Property and Equipment are carried at cost or fair market value in the case of a gift. Depreciation is provided on the straight-line method based on the following useful lives:

	<b>Years</b>
Buildings	40
Improvements	10 - 15
Furniture, Fixtures and Equipment	5 - 7
Vehicles	5
Computer Software	3

Repair and maintenance costs are expensed as incurred.

**Advertising and Promotion Costs**

The Foundation recognizes advertising costs as incurred. Advertising and promotion expense for the years ended December 31, 2018 and 2017 was \$116,724 and \$104,223, respectively.

**Use of Estimates**

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

**Income Taxes**

The Foundation is qualified under Internal Revenue Code 501(c)(3) as a tax-exempt organization. While the organization is generally exempt from income taxes, it is subject to tax on unrelated trade or business income.

The Foundation has adopted FASB ASC section 740-10-25. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

As a result of the implementation, the Foundation is required to disclose that the tax returns for the years ended December 31, 2018, 2017 and 2016 remain open to examination by the Internal Revenue Service ("IRS"). The Foundation had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

**Reclassification**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Functional Allocation of Expenses**

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated, based upon management's estimates, among the programs and supporting activities benefited.

**Subsequent Events**

The Organization has evaluated subsequent events through October 23, 2019, the date which the financial statements were available to be issued.

**3. Correction of an Error**

The Foundation has discovered that previously issued financial statements included an error in the recording of promises to give. The error requires the restatement of previously issued financial statements.

Certain contributions received were incorrectly recorded as current year contributions instead of being recorded against the underlying promise to give asset. The restatement adjustments resulted in a decrease to previously reported change in net assets in the amount of \$102,686. Based upon management's review, it has been determined that the error was inadvertent and unintentional.

The following sets forth the previously reported and restated amounts of selected items within the statement of financial position as of December 31, 2017.

**Selected Statement of financial Position Data as of December 31, 2017**

Current Unconditional Promises to Give:	
As previously reported	\$ 51,429
As restated	<u>27,619</u>
Net effect	23,810
Unconditional Promises to Give, net of Current Amounts:	
As previously reported	\$ 400,409
As restated	<u>321,533</u>
Net effect	78,876
Net Assets:	
As previously reported	\$ 5,523,522
As restated	<u>5,420,836</u>
Net effect	102,686

**Selected Statement of Activities Data for 2017**

Net Assets Beginning of Year:	
As previously reported	\$ 5,214,304
As restated	<u>5,111,618</u>
Net effect	102,686
Net Assets End of Year:	
As previously reported	\$ 5,523,522
As restated	<u>5,420,836</u>
Net effect	102,686

**4. Unconditional Promises to Give**

Unconditional promises to give consisted of the following:

<b>December 31, 2018</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Receivable in less than one year	\$ -	\$ 50,000	\$ 50,000
Receivable in one to five years	-	250,000	250,000
Receivable in five or more years	-	275,000	275,000
Less: Allowance for doubtful pledges	-	(80,000)	(80,000)
Less: Discounts to net present value	-	(145,848)	(145,848)
Present value of unconditional promises to give	-	349,152	349,152
Current unconditional promises to give	-	(27,619)	(27,619)
Unconditional promises to give, net of current portion	<u>\$ -</u>	<u>\$ 321,533</u>	<u>\$ 321,533</u>
<b>December 31, 2017 Restated</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Receivable in less than one year	\$ -	\$ 50,000	\$ 50,000
Receivable in one to five years	-	200,000	200,000
Receivable in five or more years	-	325,000	325,000
Less: Allowance for doubtful pledges	-	(80,000)	(80,000)
Less: Discounts to net present value	-	(145,848)	(145,848)
Present value of unconditional promises to give	-	349,152	349,152
Current unconditional promises to give	-	(27,619)	(27,619)
Unconditional promises to give, net of current portion	<u>\$ -</u>	<u>\$ 321,533</u>	<u>\$ 321,533</u>

The pledge receivable at December 31, 2018 and 2017 is comprised of one pledge. The pledge was discounted to net present value for reporting purposes, utilizing a discount rate of 5.00%.

## 5. Investments

The Organization has adopted the provisions of FASB ASC 820-10, which provides a framework for measuring fair value under Generally Accepted Accounting Principles (“GAAP”). It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels, which are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These include items where the determination of fair value requires significant management judgment or estimation.

The Organization uses the following valuation techniques in valuing its investments:

- Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Pricing may be indicated by pricing guides, sales transactions, market trades, or other sources.

Unrealized gains and losses are included in the change in net assets.

Investments are held in an investment pool for true endowments; amounts designated by the Board of Trustees for long-term investment; and for accumulated net appreciation on investments in the pool. Investments are carried at market value. The historical cost and market value of pooled investments at December 31, 2018 and 2017 is as follows:

	2018		2017	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
<u>Level 1 Investments</u>				
Short-term investments	\$ 60,946	\$ 60,946	\$ 257,437	\$ 257,437
Equity securities	2,268,821	2,158,918	2,527,454	2,899,820
Corporate bonds	743,147	694,636	1,279,445	1,275,415
US government securities	1,210,602	1,195,187	458,335	455,387
	<u>4,283,516</u>	<u>4,109,687</u>	<u>4,522,671</u>	<u>4,888,059</u>
<u>Level 3 Investments</u>				
Berkshire Taconic Community Foundation	36,128	46,019	35,338	48,325
Total General Investments	<u>\$ 4,319,644</u>	<u>\$ 4,155,706</u>	<u>\$ 4,558,009</u>	<u>\$ 4,936,384</u>

**Williamstown Theatre Foundation, Inc.**  
**Notes to Financial Statements**

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The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 115,412	\$ 159,217
Realized gains	133,829	172,353
Investment fees	<u>(12,875)</u>	<u>(810)</u>
Current net earnings and realized gains (losses)	236,366	330,760
Unrealized gains (losses)	<u>(553,966)</u>	<u>254,342</u>
Investment income (loss), net	(317,600)	585,102
Investment support for operating activities	<u>199,973</u>	<u>148,102</u>
Investment income (loss) in excess of operating support	<u>\$ (517,573)</u>	<u>\$ 437,000</u>

**6. Property and Equipment**

Property and equipment is summarized as follows:

	<b>2018</b>	<b>2017</b>
Vehicles	\$ 132,082	\$ 132,082
Furniture and equipment	77,550	91,857
Leasehold improvements	177,689	177,689
Buildings	466,937	-
Land	75,000	-
Computer software	<u>35,000</u>	<u>35,000</u>
Total	964,258	436,628
Accumulated depreciation	<u>(322,252)</u>	<u>(326,042)</u>
Net property and equipment	<u>\$ 642,006</u>	<u>\$ 110,586</u>

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was \$19,307 and \$19,042, respectively.

**7. Line of Credit**

The Foundation has a \$500,000 line of credit with MountainOne Bank which is payable on demand with a variable rate of interest. The line of credit is unsecured. The balance at December 31, 2018 and 2017 was \$0.

**8. Leases**

The Foundation has the following operating leases:

Property lease for office space in Williamstown, Massachusetts. Initial lease term runs through December, 2016 with annual rent increase not to exceed the percentage increase in the Consumer Price Index. Rent at \$704 per month. Renewed for an additional three-year term through December, 2019.

Property lease for office space in New York, New York. Rent at \$2,280 through April, 2020.

Property lease for scene shop space in North Adams, Massachusetts. Rent at \$5,859 per month through August, 2018, \$6,093 through August, 2019, \$6,337 through August, 2020, \$6,590 through August, 2021.

Residential property lease for property located in Williamstown, Massachusetts. Rent at \$876 per month through August, 2019, renewable every year thereafter. On each occasion of lease renewal, the rent will be adjusted upward by 3% to reflect an average annual increase in the CPI rate.

The future minimum rental payments are as follows:

Year ending December 31,	2019	\$ 117,162
	2020	86,176
	2021	<u>52,720</u>
	Total	<u>\$ 256,058</u>

**9. Net Assets Without Donor Restrictions**

The Foundation's governing board has designated net assets without donor restrictions for the following purposes at December 31:

	2018	2017
Undesignated net assets	\$ 497,834	\$ 1,287,411
Property and equipment	<u>642,006</u>	<u>110,586</u>
Total	<u>\$ 1,139,840</u>	<u>\$ 1,397,997</u>

**10. Net Assets With Donor Restrictions**

Net Assets with donor restrictions are available for the following purposes or periods at December 31:

	2018	2017 <u>Restated</u>
General endowment	\$ 2,535,918	\$ 2,376,508
Capital expenditures	208,063	-
Advancement campaign	190,262	204,432
Scholarships	1,414,031	1,437,338
SSDC	4,767	4,460
Equity bond	105	101
Total	<u>\$ 4,353,146</u>	<u>\$ 4,022,839</u>

**11. Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by donors:

	2018	2017
Capital expenditures	\$ 41,937	\$ -
Various operating activities	43,000	22,595
Scholarships	56,010	17,850
Total	<u>\$ 140,947</u>	<u>\$ 40,445</u>

**12. In-Kind Donations**

The estimated fair market value of donated goods and services included in the statement of activities is as follows:

	2018	2017
Audit fees	\$ 12,345	\$ 9,864
Advertising	-	300
Production costs	17,253	11,000
Fundraising events	9,315	3,696
Travel	-	1,200
	<u>\$ 38,913</u>	<u>\$ 26,060</u>

Several volunteers have made significant contributions of their time in furtherance of the Foundation's mission. These services were not reflected in the accompanying financial statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

**13. Retirement Benefits**

Retirement provisions for the Foundation are made on a tax deferred basis pursuant to a salary reduction agreement in accordance with Internal Revenue Code Section 403(b). To participate, the employee must be employed full time and have completed one year of service. The Foundation contributes up to 7% of employees' regular salary and the employees contribute 3%.



The Foundation's contribution to the plan was \$52,937 and \$43,285 for the years ended December 31, 2018 and 2017, respectively.

**14. Liquidity**

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available or not expected to be used for general use because of contractual, donor-imposed or internal budgetary restrictions within one year of the statement of financial position date. Amounts which are not available or not expected to be used within one year are set aside for long-term investment that could be drawn upon if the governing board approves the action.

	<b>2018</b>
Financial assets at year end:	
Cash and equivalents	\$ 733,205
Promises to give	349,152
Miscellaneous receivables	17,823
Long-term investments	<u>4,155,706</u>
 Total financial assets	 <u>5,255,886</u>
 Less donor-restricted amounts not available or expected to be used within one year:	
Net assets with donor restrictions	4,353,146
Less amount appropriated for the following year	<u>(207,785)</u>
Total amounts set aside for long-term investment	4,145,361
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 1,110,525</u>

Donor-restricted endowment funds, which are required to be maintained in perpetuity, are not available for general expenditure. However, accumulated investment income on donor-restricted endowment funds are available for general expenditure, but is subject to annual budget approval and appropriation. The Foundation's policy as established by the governing board is to draw 5% annually of the general endowment to be used for general expenditures as well as the balance due for certain scholarships awarded.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements are invested in long-term investments and maintained in various funds established by the governing board.

The Foundation also has a committed line of credit in the amount of \$500,000. The line of credit may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical cycle of converting financial assets to cash or settling financial liabilities.

**15. Concentration of Credit Risk**

The Foundation maintains cash balances at several financial institutions located in Massachusetts and New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and any excess is insured by the Deposit Insurance Fund of Massachusetts (DIFM). At December 31, 2018, the Foundation's cash balances totaled \$712,823, \$387,996 of which was covered by FDIC and the remainder of \$324,827 covered by DIFM.

Unconditional promises to give of \$349,152 at December 31, 2018 and 2017 consist of one pledge receivable.