



REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS

OLD GLOBE THEATRE dba THE OLD GLOBE

December 31, 2021 and 2020

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6–28

Report of Independent Auditors

The Board of Directors
Old Globe Theatre dba The Old Globe

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Old Globe Theatre dba The Old Globe (“The Old Globe”) which comprise the statements of financial position as of December 31, 2021 and 2020, the statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Old Globe as of December 31, 2021 and 2020, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Old Globe’s ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Moss Adams LLP

San Diego, California

March 31, 2022

Old Globe Theatre dba The Old Globe
Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 5,607,015	\$ 4,669,012
Investments	67,811,159	52,086,454
Receivables, net	7,372,377	8,668,779
Inventories	136,085	144,704
Prepaid expenses and other assets	628,738	145,057
Property and equipment, net	20,165,791	21,315,239
Other asset	28,955,451	28,955,451
Endowment assets		
Investments	6,867,789	6,562,368
Pledges receivable, net	6,814,726	6,763,018
Total assets	\$ 144,359,131	\$ 129,310,082
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,507,858	\$ 1,148,904
Deferred revenue	4,809,894	3,222,261
Debt	3,962,789	5,016,151
Total liabilities	11,280,541	9,387,316
COMMITMENTS AND CONTINGENCIES (Notes 9, 12, and 13)		
NET ASSETS		
Without donor restrictions		
Undesignated	-	-
Designated by Board of Directors	56,321,454	44,430,455
Designated for property and equipment	16,876,629	17,834,772
Total without donor restrictions	73,198,083	62,265,227
With donor restrictions	59,880,507	57,657,539
Total net assets	133,078,590	119,922,766
Total liabilities and net assets	\$ 144,359,131	\$ 129,310,082

Old Globe Theatre dba The Old Globe

Statements of Activities

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
Ticket sales	\$ 6,309,675	\$ -	\$ 6,309,675	\$ 1,353,540	\$ -	\$ 1,353,540
Investment income	1,331,933	-	1,331,933	1,125,963	-	1,125,963
Other revenue	780,575	-	780,575	859,924	-	859,924
Retail	397,858	-	397,858	80,351	-	80,351
Rental income	50,000	-	50,000	7,805	-	7,805
Royalties	8,802	-	8,802	4,093	-	4,093
Arts engagement Enhancements	19,000	-	19,000	816	-	816
	-	-	-	-	-	-
Total operating revenue	<u>8,897,843</u>	<u>-</u>	<u>8,897,843</u>	<u>3,432,492</u>	<u>-</u>	<u>3,432,492</u>
OPERATING EXPENSES						
Program services	17,300,858	-	17,300,858	11,191,530	-	11,191,530
Management and general	4,010,915	-	4,010,915	3,215,905	-	3,215,905
Total operating expenses	<u>21,311,773</u>	<u>-</u>	<u>21,311,773</u>	<u>14,407,435</u>	<u>-</u>	<u>14,407,435</u>
Operating loss	<u>(12,413,930)</u>	<u>-</u>	<u>(12,413,930)</u>	<u>(10,974,943)</u>	<u>-</u>	<u>(10,974,943)</u>
CONTRIBUTED INCOME						
Contributions	6,033,853	3,930,152	9,964,005	11,090,024	2,011,233	13,101,257
Net assets released from restrictions	2,922,434	(2,922,434)	-	2,305,723	(2,305,723)	-
	8,956,287	1,007,718	9,964,005	13,395,747	(294,490)	13,101,257
Special events	862,423	-	862,423	554,959	-	554,959
Government grants	11,604,843	-	11,604,843	409,037	64,428	473,465
Endowment earnings	-	1,341,099	1,341,099	-	1,020,439	1,020,439
Appropriated endowment earnings	-	(125,849)	(125,849)	-	(262,594)	(262,594)
In-kind contributions	377,972	-	377,972	314,605	-	314,605
Total contributed income	<u>21,801,525</u>	<u>2,222,968</u>	<u>24,024,493</u>	<u>14,674,348</u>	<u>527,783</u>	<u>15,202,131</u>
EXPENSES						
Fundraising	1,854,794	-	1,854,794	1,736,922	-	1,736,922
Special events	544,001	-	544,001	11,814	-	11,814
Total expenses	<u>2,398,795</u>	<u>-</u>	<u>2,398,795</u>	<u>1,748,736</u>	<u>-</u>	<u>1,748,736</u>
Net contributed income	<u>19,402,730</u>	<u>2,222,968</u>	<u>21,625,698</u>	<u>12,925,612</u>	<u>527,783</u>	<u>13,453,395</u>
Change in net assets before gains (losses)	6,988,800	2,222,968	9,211,768	1,950,669	527,783	2,478,452
Gains/(losses)						
Net realized and unrealized gains/(losses) on investments	3,944,056	-	3,944,056	3,443,084	(162,406)	3,280,678
Total gains/(losses)	<u>3,944,056</u>	<u>-</u>	<u>3,944,056</u>	<u>3,443,084</u>	<u>(162,406)</u>	<u>3,280,678</u>
CHANGE IN NET ASSETS	<u>10,932,856</u>	<u>2,222,968</u>	<u>13,155,824</u>	<u>5,393,753</u>	<u>365,377</u>	<u>5,759,130</u>
NET ASSETS						
Beginning of year	62,265,227	57,657,539	119,922,766	56,871,474	57,292,162	114,163,636
End of year	<u>\$ 73,198,083</u>	<u>\$ 59,880,507</u>	<u>\$ 133,078,590</u>	<u>\$ 62,265,227</u>	<u>\$ 57,657,539</u>	<u>\$ 119,922,766</u>

Old Globe Theatre dba The Old Globe Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 13,155,824	\$ 5,759,130
Reconciliation to net cash from operating activities		
Depreciation and amortization	1,742,306	1,684,358
Change in allowance on pledges receivable	(225,000)	(70,000)
Change in discount on pledges receivable and CRT	(472,945)	(430,464)
Net realized and unrealized (gains)	(6,491,239)	(4,080,033)
Change in restricted contributions – pledges receivable	960,559	(1,432,305)
Forgiveness of paycheck protection program loan	(2,866,450)	-
(Increase) decrease in operating assets		
Receivables	(172,986)	271,559
Inventories	8,619	(6,441)
Prepaid expenses and other assets	(483,681)	962,705
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	1,358,954	(1,518,942)
Deferred revenue	1,587,633	236,676
Net cash provided by operating activities	<u>8,101,594</u>	<u>1,376,243</u>
INVESTING ACTIVITIES		
Purchases of investments	(9,772,731)	(8,666,685)
Proceeds from sale of investments	233,844	668,470
Purchases of property and equipment	<u>(588,463)</u>	<u>(697,401)</u>
Net cash (used in) investing activities	<u>(10,127,350)</u>	<u>(8,695,616)</u>
FINANCING ACTIVITIES		
Collections of restricted pledges receivable	1,155,066	1,680,226
Proceeds from Paycheck Protection Program loan	1,999,999	2,866,450
Principal payments on debt	<u>(191,306)</u>	<u>(183,003)</u>
Net cash provided by financing activities	<u>2,963,759</u>	<u>4,363,673</u>
CHANGE IN CASH AND CASH EQUIVALENTS	938,003	(2,955,700)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,669,012</u>	<u>7,624,712</u>
End of year	<u>\$ 5,607,015</u>	<u>\$ 4,669,012</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 80,607</u>	<u>\$ 106,474</u>
	<u>\$ 5,607,015</u>	<u>\$ 4,669,012</u>

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies

Nature of the organization – Old Globe Theatre dba The Old Globe (“The Old Globe”) is a not-for-profit California organization located in San Diego, California. The Old Globe’s mission is to preserve, strengthen, and advance American theatre by: creating theatrical experiences of the highest professional standards; producing and presenting works of exceptional merit designed to reach current and future audiences; ensuring diversity and balance in programming; and providing an environment for the growth and education of theatre professionals, audiences, and the community at large.

The Old Globe Endowment Trust (“The Trust”) is a not-for-profit California supporting organization created only for the purpose of holding the endowment donations for The Old Globe. The Old Globe is trustee of The Trust. The Trust does not have any employees and is managed by The Old Globe.

Income taxes – The Old Globe and The Trust are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Old Globe may be subject to federal or state income taxes on unrelated business income. For each of the years ended December 31, 2021 and 2020, no provision for such taxes is required. The Old Globe has no unrecognized tax benefits or liabilities as of December 31, 2021 and 2020. The Old Globe and The Trust file exempt organization returns in the United States federal jurisdiction and with the Franchise Tax Board in the state of California.

Method of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting.

Net assets – Net assets are classified as with or without donor restrictions based upon the following criteria:

- Net assets without donor restrictions represent expendable funds available for operations that are not otherwise limited by donor restrictions.
- Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before The Old Globe can spend the funds or contributed funds subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

Cash and cash equivalents – The Old Globe considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents held within the investment portfolio as part of The Old Globe’s investment strategy are included in investments in the statements of financial position.

Restricted cash – The Actors’ Equity Association requires The Old Globe to maintain a separate bank account to ensure payments of actors’ benefits. As of December 31, 2021 and 2020, approximately \$222,000 is held in a cash account in The Old Globe’s name, but is not available to The Old Globe unless a release is received from the Actors’ Equity Association. This amount is included in cash and cash equivalents in the accompanying statements of financial position.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies (continued)

Investments – The Old Globe accounts for its investments using fair value.

The fair value of investments in equities, corporate bond funds, and money market funds is based on quoted prices in an active market.

The fair value of corporate bonds and government and government agency securities is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

Alternative investments for which quoted prices are not available are stated at fair values as reported by the third-party fund managers which are typically based on the fair value of the underlying investments on the funds. The Old Globe uses net asset value (NAV) provided by a third-party fund manager to determine the fair value of the alternative investments. The Old Globe uses analysis provided by its investment advisor to monitor changes in fair values of funds from period to period. The Finance Director, under the supervision of the Investment Committee, determines fair value measurement policies and procedures in consultation with The Old Globe's investment advisors. These policies and procedures are reassessed at least annually, or as new assets are acquired, to determine if the current valuation techniques are appropriate. At that time, any unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. Alternative investments are less liquid than publicly traded securities and may require a period of several months to liquidate.

The fair value of investments held by The San Diego Foundation ("TSDF"), for which quoted market prices are not available, is based on the unit value of The Old Globe's interest in the pools in which it is invested. The unit value is based on the fair value of the underlying assets in the pool. The pools in which The Old Globe has funds are invested primarily in domestic and international equities. Management of The Old Globe reviews and evaluates the values and methodology used to determine the fair value provided by TSDF quarterly. The Old Globe agrees with the valuation methods used. The funds held at TSDF were liquidated during the year ended December 31, 2020.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Investment income or loss (including interest and realized and unrealized gains and losses), net of investment fees, is included in revenues without restrictions, unless restricted by donor or law.

Receivables – Pledges receivable that are expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash-flow model. Discounts are computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions. Conditional promises to give are not recorded as revenues or receivables until the conditions are substantially met.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies (continued)

Government grant receivables are recorded when the conditions of the grant have been met.

The Old Globe is the beneficiary of an irrevocable charitable remainder trust administered by a third party. The trust terminates upon the death of the grantor, at which time The Old Globe will receive the remaining trust assets. The fair value of the future benefits to be received by The Old Globe was determined using a discounted cash-flow model and was recorded as a contribution in the statement of activities in the year the trust was established. The grantor passed away during the year ended December 31, 2021. The fair value of the remainder interest on December 31, 2021, is based on the estimated value of the trust as of the most recently available donor correspondence. The fair value as of December 31, 2020, was calculated using an interest rate of 4.5% percent and the life expectancy of the donor based on applicable mortality tables. The unobservable inputs used in this calculation are evaluated and adjusted annually by finance management of The Old Globe, as necessary.

Other receivables are recorded when services are provided or as expenses are incurred.

An allowance for estimated uncollectible receivables is based on past experience and on an analysis of current receivable balances. Receivables are considered past due when payments are not received according to an established payment schedule. Receivables are written off against the allowance in the period deemed uncollectible. The Old Globe does not obtain collateral.

Inventories – Inventories, which consist of gift shop items, concession foods and beverages, and stage materials, are stated at the lower of cost (first-in, first-out) or net realizable value.

Property and equipment – Property and equipment are recorded at cost if purchased or estimated fair value at the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is generally 5 years for furniture, fixtures, and equipment; 25 years for building and improvements; and 25 to 50 years for leasehold improvements based on lesser of estimated useful lives or associated lease terms. It is The Old Globe's policy to capitalize property and equipment costing in excess of \$10,000.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. The Old Globe reclassifies net assets with donor restrictions to net assets without donor restrictions when the related property or equipment is acquired and placed in service.

Impairment of long-lived assets – The Old Globe evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down is recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies (continued)

Other asset – The other asset, representing contributed units in a limited partnership, was recorded at fair value at the date of receipt of the contribution. The Old Globe owns less than a 20 percent interest in the partnership. This asset is not accounted for under the equity method and there is no readily determinable fair value, so it is accounted for at cost, using the initial fair value as the cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The asset is evaluated for impairment annually.

Annually, The Old Globe reviews the carrying value of its units in limited partnerships to determine if facts and circumstances exist which would suggest that these assets may be impaired. Among the factors considered by The Old Globe in making the evaluation are distributions from the limited partnership and other factors relevant to the partnership. Using these factors, if indicators are present which may indicate impairment is probable, The Old Globe will prepare a projection of the undiscounted cash flows of the asset and determine if the carrying value of the asset is recoverable. If impairment is indicated, then an adjustment will be made to reduce the carrying value to equal the estimated undiscounted cash flows of the related assets. The Old Globe concluded there are no significant factors indicating a material adjustment for impairment as of December 31, 2021.

Annually, The Old Globe also considers relevant transactions that occurred on or before the balance sheet date that are known or can be reasonably known to identify whether there are observable price changes that may indicate an adjustment in the value of the units in a limited partnership. A significant observable price change that The Old Globe is aware of is analyzed to determine whether the change occurred in an orderly transaction for the identical or similar investment and if so, the fair value is estimated as of the date of the observable price change.

Distributions received from the limited partnership are recognized as revenue when received and are included in other revenue on the accompanying statements of activities. Approximately \$721,000 and \$720,000 was received and recognized as revenue during the years ended December 31, 2021 and 2020, respectively.

Debt issuance costs – Debt issuance costs are capitalized and amortized over the term of the related debt and are presented as a reduction of the related debt balance on the statements of financial position.

Revenue Recognition

Ticket sales – Ticket sales to the general public are recorded as operating revenue on a specific performance basis. Ticket sales for future performances are initially deferred in the statements of financial position and are subsequently recognized as revenue when the performances take place when The Old Globe's performance obligation is completed.

Retail – Retail sales to the general public represent revenue earned at the gift shop and pub. Revenue is recognized at the time of sale when The Old Globe's performance obligation is completed.

Royalties – Royalties represent revenue earned under agreements with other performing arts-related entities for the use of specific productions created by The Old Globe. Revenue is recognized as others perform the productions as The Old Globe's performance obligation for the provision of the rights to use of its production is completed.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies (continued)

Arts engagement – Arts engagement revenue represents fees charged for arts engagement programs and is recognized at the time the programs are offered, at which time The Old Globe's performance obligation is completed.

Enhancements – Enhancements represent funds received from others to expand budgets for specific productions. Revenue is recognized when the performance obligations present in the associated agreements are completed, which is generally when the related performance is performed.

Contributions – Contributions are recognized as revenue when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions. Donated assets are initially recorded at fair value at the date of the gift.

Special events – Special events revenue is generated from sponsorships, ticket sales, and sale of items at events held during the year and is recognized when the events occur, which is the completion of The Old Globe's performance obligation.

Government grants – Revenue from grants, depending on the terms of the grants, is recognized when an unconditional promise to give has been made to The Old Globe. The Globe recognizes revenues from certain government grants when eligible costs are incurred or services are performed per the terms of the agreement.

In-kind contributions – The value of services, facilities, and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. Donated assets are capitalized at fair value at the date of donation and recorded as in-kind contributions with or without donor restrictions, depending on the wishes of the donor. The Old Globe receives donated services from a variety of unpaid volunteers assisting in the operations of The Old Globe which have not been recognized in the accompanying financial statements because the criteria for recognition under generally accepted accounting principles (U.S. GAAP) have not been satisfied.

Rental income – Rental income represents revenues generated from the leasing of a warehouse to an unrelated party. Revenue is recognized for the period which the rental income relates to.

Marketing and production costs – Costs of marketing (which includes advertising), scenery, costumes, and stage properties are recorded as expenses in the year the related production is first performed. Marketing and production costs relating to future performances are deferred and included in prepaid expenses in the statements of financial position until the production is presented. Total advertising costs for the years ended December 31, 2021 and 2020, were approximately \$410,000 and \$245,000, respectively.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 1 – Nature of the Organization and Significant Accounting Policies (continued)

Functional allocation of expenses – The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation, interest, and facilities costs are allocated to functional categories based on square footage dedicated to the specific function. Labor is allocated to functional categories based on time spent on activities within each function.

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Old Globe recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Old Globe's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued. The Old Globe has evaluated subsequent events through March 31, 2022, which is the date the financial statements were available to be issued.

Note 2 – Concentrations

Financial instruments that potentially subject The Old Globe to concentrations of credit risk consist principally of cash deposits at financial institutions and investments. At times, balances in The Old Globe's cash and investment accounts exceed the Federal Deposit Insurance Corporation or Securities Investors Protection Corporation insurance limits. The Old Globe has not experienced any losses in such accounts as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, approximately 72 percent and 56 percent, respectively, of non-endowment pledges receivable is due from three donors. For both of the years ended December 31, 2021 and 2020, approximately 99 percent of endowment pledges receivable is due from one donor.

As of December 31, 2021, approximately 94 percent of government grants were from one organization. As of December 31, 2020, there were no revenue concentrations.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 3 – Investments

Investments at December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Equities		
Domestic equities	\$ 20,429,771	\$ 17,601,109
International equities	8,309,054	7,345,849
Fixed income		
Corporate bond funds	7,525,727	11,287,571
Government and government agency securities	7,082,506	4,706,046
Corporate bonds	8,083,460	4,521,495
Alternative investments		
Hedge fund	2,809,087	2,657,314
Private equity fund	789,102	170,776
Multi-strategy fund	235,925	75,012
Money market funds	6,987,982	359,394
Cash and cash equivalents	<u>1,162,635</u>	<u>181,228</u>
	63,415,249	48,905,794
Accumulated endowment earnings	<u>4,395,910</u>	<u>3,180,660</u>
	67,811,159	52,086,454
Total	<u>\$ 67,811,159</u>	<u>\$ 52,086,454</u>

Endowment investments for which the corpus is restricted at December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Equities		
Domestic equities	\$ 5,289,307	\$ 3,747,056
International equities	2,225,923	1,952,905
Fixed income		
Corporate bonds	1,243,083	1,280,999
Government and government agency securities	1,418,765	1,333,285
Corporate bond funds	1,065,762	831,053
Cash and cash equivalents	13,404	595,112
Money market funds	<u>7,455</u>	<u>2,618</u>
	11,263,699	9,743,028
Accumulated endowment earnings	<u>(4,395,910)</u>	<u>(3,180,660)</u>
	6,867,789	6,562,368
Total	<u>\$ 6,867,789</u>	<u>\$ 6,562,368</u>

Old Globe Theatre dba The Old Globe
Notes to Financial Statements

Note 4 – Receivables

Receivables at December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 6,176,457	\$ 7,757,521
Charitable remainder trust	<u>850,000</u>	<u>738,324</u>
	7,026,457	8,495,845
Other receivables	118,074	49,161
Government grants	<u>227,846</u>	<u>123,773</u>
Total	<u>\$ 7,372,377</u>	<u>\$ 8,668,779</u>

Pledges receivable and charitable remainder trust included in receivables at December 31, 2021 and 2020, are due as follows:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 2,426,633	\$ 3,247,558
Due in one to five years	5,359,300	6,304,500
Due in more than five years	<u>333,000</u>	<u>432,500</u>
Total unconditional promises to give	8,118,933	9,984,558
Less allowance for uncollectible receivables	(500,000)	(700,000)
Less discount to net present value ^(a)	<u>(592,476)</u>	<u>(788,713)</u>
Net unconditional promises to give	<u>\$ 7,026,457</u>	<u>\$ 8,495,845</u>

Endowment assets – Pledges receivable at December 31, 2021 and 2020, are due as follows:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ -	\$ -
Due in one to five years	-	-
Due in more than five years	<u>13,449,000</u>	<u>13,699,000</u>
Total unconditional promises to give	13,449,000	13,699,000
Less allowance for uncollectible receivables	(1,330,000)	(1,355,000)
Less discount to net present value ^(a)	<u>(5,304,274)</u>	<u>(5,580,982)</u>
Net unconditional promises to give	<u>\$ 6,814,726</u>	<u>\$ 6,763,018</u>

^{a)} Pledges receivable due in more than one year have been discounted to their net present value using a rate of approximately 1.5 to 4.5 percent.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 5 – Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

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; and

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.

See Note 1 for the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position. See Note 3 for investments and endowment investments by class.

The following fair value hierarchy table presents information about each major category of The Old Globe's financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	Fair Value Measurements				2021 Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV	
Investments ^(a)	\$ 44,563,241	\$ 15,065,671	\$ -	\$ 3,834,114	\$ 63,463,026
Endowment investments ^(a)	8,644,011	2,571,911	-	-	11,215,922
Charitable remainder trust	-	-	850,000	-	850,000
	<u>\$ 53,207,252</u>	<u>\$ 17,637,582</u>	<u>\$ 850,000</u>	<u>\$ 3,834,114</u>	<u>\$ 75,528,948</u>

	Fair Value Measurements				2020 Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV	
Investments ^(a)	\$ 36,775,151	\$ 9,227,541	\$ -	\$ 2,903,102	\$ 48,905,794
Endowment investments ^(a)	7,128,744	2,614,284	-	-	9,743,028
Charitable remainder trust	-	-	738,324	-	738,324
	<u>\$ 43,903,895</u>	<u>\$ 11,841,825</u>	<u>\$ 738,324</u>	<u>\$ 2,903,102</u>	<u>\$ 59,387,146</u>

^(a) Investments exclude accumulated endowment earnings and endowment investments include accumulated endowment earnings in the fair value measurements table.

Old Globe Theatre dba The Old Globe Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

Information regarding investments valued at net asset value at December 31, 2021, is as follows:

Investment Class	Totals	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund ^(a)	\$ 2,809,087	\$ -	Quarterly	65 days
Private equity funds ^(b)	789,102	6,973,627	N/A	N/A
Multi-strategy fund ^(c)	<u>235,925</u>	<u>381,000</u>	N/A	N/A
	<u>\$ 3,834,114</u>	<u>\$ 7,354,627</u>		

- (a) Hedge fund that applies a range of strategies including, without limitation, alternative investment strategies with a broad range of advisors targeting risk-adjusted long-term returns.
- (b) Private equity funds include a fund with structured portfolios of private equity partnerships and other assets with limited liquidity in the secondary market on a global basis across all sectors of the private funds market and a fund with diversified set of private equity strategies which may include middle-market buyout, large buyout, distressed, growth, equity, credit, venture capital, and industry focused strategies.
- (c) Multi-strategy fund that invests in private investments of fixed income and equity securities.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 5 – Fair Value Measurements (continued)

Changes in the fair value of The Old Globe's Level 3 assets for the years ended December 31, 2021 and 2020, are as follows:

	Charitable Remainder Trust	Investments Held by SDF	Total
	<u> </u>	<u> </u>	<u> </u>
BALANCE, January 1, 2020	\$ 731,852	\$ 162,406	\$ 894,258
Interest and dividends	-	7,845	7,845
Distributions	-	(7,845)	(7,845)
Transfer	-	(173,914)	(173,914)
Unrealized gains	-	11,508	11,508
Change in value of charitable remainder trust	<u>6,472</u>	<u>-</u>	<u>6,472</u>
BALANCE, December 31, 2020	738,324	-	738,324
Interest and dividends	-	-	-
Distributions	-	-	-
Transfer	-	-	-
Unrealized gains	-	-	-
Change in value of charitable remainder trust	<u>111,676</u>	<u>-</u>	<u>111,676</u>
BALANCE, December 31, 2021	<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ 850,000</u>

Note 6 – Property and Equipment

Property and equipment at December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 34,783,798	\$ 34,714,524
Furniture, fixtures, and equipment	6,683,954	6,529,378
Building and improvements	5,496,490	5,444,980
Land	1,750,000	1,750,000
Construction in progress	<u>291,230</u>	<u>-</u>
	49,005,472	48,438,882
Less: accumulated depreciation	<u>(28,839,681)</u>	<u>(27,123,643)</u>
Total	<u>\$ 20,165,791</u>	<u>\$ 21,315,239</u>

Old Globe Theatre dba The Old Globe
Notes to Financial Statements

Note 7 – Deferred Revenue

Deferred revenue at December 31, 2021 and 2020, is comprised of amounts related to future performance obligations under contracts for tickets sold in advance of the related performance, amounts related to contributions received in advance of the conditions associated with the contribution being met, rents received in advance, and amounts received under enhancement agreements not yet earned.

	<u>2021</u>	<u>2020</u>
Deferred ticket sales	\$ 3,811,694	\$ 3,077,261
Conditional contribution	838,200	145,000
Advance rental payment	10,000	-
Enhancement revenue	150,000	-
	<u>\$ 4,809,894</u>	<u>\$ 3,222,261</u>

Note 8 – Debt and Subsequent Event

The following is a summary of debt at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Tax-exempt bonds held by a bank as sole bondholder, monthly payments of \$22,659 including principal and interest at 3.85%, maturing September 2030, collateralized by first deeds of trust on property	2,000,880	2,192,186
Note payable, United States Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (PPP1), monthly payments of principal and interest at 1.00% commencing as described below, maturing May 2022, unsecured, forgiven during the year ended December 31, 2021.	-	2,866,450
Note payable, United States Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (PPP2), monthly payments of principal and interest at 1.00% commencing as described below, maturing July 2027, unsecured.	<u>1,999,999</u>	<u>-</u>
	4,000,879	5,058,636
Less: unamortized debt issuance costs	<u>(38,090)</u>	<u>(42,485)</u>
Total debt, net	<u>3,962,789</u>	<u>5,016,151</u>

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 8 – Debt and Subsequent Event (continued)

The Old Globe received \$1,999,999 in funding from the SBA on April 7, 2021. The unsecured loan is forgivable to the extent it is used for certain allowable costs incurred during the twenty-four weeks after funding. Allowable costs include payroll-related costs and payments for covered utilities. The Old Globe will submit an application for forgiveness in 2022. To the extent that the loan does not qualify for forgiveness, the terms of the agreement specify that The Old Globe must repay the principal balance of the loan plus interest at 1 percent by the maturity date of July 22, 2027 in equal installment payments beginning ten months from the last day of the twenty-four week period after funding or as of the date any forgiveness is granted.

Principal payments on debt are due as follows:

	Tax-exempt bonds	PPP2	Total
Years Ending December 31,			
2022	\$ 197,727	\$ 196,183	\$ 393,910
2023	205,476	394,684	600,160
2024	213,356	398,669	612,025
2025	221,888	402,695	624,583
2026	239,583	397,762	637,345
Thereafter	928,329	204,527	1,132,856
	<u>\$ 2,006,359</u>	<u>\$ 1,994,520</u>	<u>\$ 4,000,879</u>
Total			

Interest expense totaled approximately \$79,000 and \$106,000 for the years ended December 31, 2021 and 2020, respectively.

On March 1, 2022, the Old Globe repaid the tax exempt bonds in full.

Note 9 – Commitments and Contingencies

Leases – The Old Globe’s facilities are on land leased from the city of San Diego, and The Old Globe also leases rehearsal space from the city of San Diego. The leases expire in August 2029 and 2026, respectively. In lieu of rental payments, The Old Globe is obligated to conduct a minimum number of specific theatrical performances annually. As The Old Globe is required to conduct these performances in connection with the leases, no amount is recorded in the accompanying financial statements for an estimated fair value of the leases.

Benefit plans – The Old Globe offers a 401(k) plan which is available to eligible employees with an employer contribution of three percent of annual eligible compensation. Contributions totaling approximately \$185,000 and \$158,000 were made by The Old Globe during the years ended December 31, 2021 and 2020, respectively.

The Old Globe contributes to various pension and welfare funds for its actors, stagehands, stage directors, musicians, choreographers, and designers pursuant to collective bargaining agreements in amounts ranging from five to fourteen percent of eligible compensation. Total contributions for the years ended December 31, 2021 and 2020, were approximately \$343,000 and \$118,000, respectively.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 9 – Commitments and Contingencies (continued)

In 2021, the Old Globe established a 457(b) deferred compensation plan (“457(b) Plan”) for qualified employees. Eligible employees can elect to defer up to 100 percent of their compensation in accordance with Internal Revenue Service deferral limits. During the year ended December 31, 2021, \$26,250 was deferred by the employees. The 457(b) Plan had assets of \$27,290 as of December 31, 2021.

In 2021, The Old Globe established a 457(f) deferred compensation retirement plan. Eligible employees accrue annual benefits as determined by their employment compensation agreement. During the year ended December 31 2021, the Old Globe contributed \$100,000. Benefits awarded become fully vested December 31, 2025. These amounts are included in prepaid expenses and other assets, and a corresponding amount is included in accounts payable and accrued expenses on the statements of financial position.

Legal matters – The Old Globe is involved in legal matters in the ordinary course of business. Management is not aware of any legal matters that could have a material adverse impact on The Old Globe’s current financial position.

Note 10 – Globe Guilders

The Old Globe is supported, in part, by the Globe Guilders (the “Guilders”), a volunteer service organization. The Guilders raise money and provide volunteer services to The Old Globe throughout the year. The Guilders’ annual fundraising goal, which is set in conjunction with management, is included in the operating budget of The Old Globe. The Guilders contributed approximately \$93,000 and \$20,000 to The Old Globe for the years ended December 31, 2021 and 2020, respectively.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 11 – Net Assets

Net assets with donor restrictions at December 31, 2021 and 2020, are comprised of:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Future seasons (bridge)	\$ 3,841,178	\$ 3,841,178
James Irvine Foundation grant – arts engagement	-	633,334
General operating expenses, including artistic and educational outreach	1,414,053	934,285
Subject to the passage of time		
Pledges receivable and charitable remainder trust	7,591,400	6,787,245
Other asset – to be held in perpetuity	28,955,451	28,955,451
Subject to The Old Globe spending policy and appropriation		
Investment in perpetuity (including amounts above original gift amounts) which, once appropriated, is expendable to support		
General operating expenses, including artistic and educational outreach	18,060,043	16,487,664
Pagliotti Fund	<u>18,382</u>	<u>18,382</u>
	<u>\$ 59,880,507</u>	<u>\$ 57,657,539</u>

During the years ended December 31, 2021 and 2020, net assets were released from net assets with donor restrictions by incurring expenditures satisfying the restricted purposes and satisfying time restrictions in the amount of \$2,922,434 and \$2,305,723, respectively.

Endowment – The Board of Directors of The Old Globe (the “Board”) has interpreted California’s enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, The Old Globe classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in the donor-restricted endowment fund are amounts in excess of the original gift amounts that have not yet been appropriated for expenditure by The Old Globe in a manner consistent with the standard of prudence prescribed by UPMIFA.

Old Globe Theatre dba The Old Globe Notes to Financial Statements

Note 11 – Net Assets (continued)

Endowment assets managed by The Old Globe (held and administered by Goldman Sachs) – In accordance with UPMIFA, The Old Globe considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The mission of The Old Globe and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of The Old Globe; and
- The investment policies of The Old Globe.

In order to meet its needs, the investment strategy of The Old Globe is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of the endowment assets is to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

The Old Globe has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. The overriding objective of this endowment is to grow the aggregate portfolio value at the rate of inflation over the endowment's investment horizon.

Endowment earnings are undesignated, allowing The Old Globe to use them to support artistic and educational projects and general operations. The Board approved a spending policy for the use of the earnings on endowment investments which states that a maximum of up to 5 percent (1 percent in 2021 and 3 percent in 2020) of the trailing twelve quarter average market value of the investments is available for use in operations, unless otherwise restricted.

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 11 – Net Assets (continued)

The net asset composition of board-designated (without donor restrictions) and donor-restricted net assets for the endowment at December 31, 2021 and 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions			2020 Total
		Accumulated Endowment Earnings	Original Gift Amount	Total With Donor Restrictions	
Board-designated endowment funds	\$ 34,479,301	\$ -	\$ -	\$ -	\$ 34,479,301
Donor-restricted endowment funds					
Donor corpus restricted in perpetuity	-	-	6,562,368	6,562,368	6,562,368
Unappropriated endowment earnings	-	3,180,660	-	3,180,660	3,180,660
Pledges receivable	-	-	6,763,018	6,763,018	6,763,018
Total	\$ 34,479,301	\$ 3,180,660	\$ 13,325,386	\$ 16,506,046	\$ 50,985,347

	Without Donor Restrictions	With Donor Restrictions			2021 Total
		Accumulated Endowment Earnings	Original Gift Amount	Total With Donor Restrictions	
Board-designated endowment funds	\$ 38,878,520	\$ -	\$ -	\$ -	\$ 38,878,520
Donor-restricted endowment funds					
Donor corpus restricted in perpetuity	-	-	6,867,789	6,867,789	6,867,789
Unappropriated endowment earnings	-	4,395,910	-	4,395,910	4,395,910
Pledges receivable	-	-	6,814,726	6,814,726	6,814,726
Total	\$ 38,878,520	\$ 4,395,910	\$ 13,682,515	\$ 18,078,425	\$ 56,956,945

Old Globe Theatre dba The Old Globe Notes to Financial Statements

Note 11 – Net Assets (continued)

Changes in endowment net assets for the years ended December 31, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Accumulated Endowment Earnings	Original Gift Amount	Total With Donor Restrictions	
Net assets January 1, 2020	\$ 30,642,791	\$ 2,422,815	\$ 12,881,922	\$ 15,304,737	\$ 45,947,528
Contributions	447,795	-	605,870	605,870	1,053,665
Investment income					
Interest income	645,890	199,743	-	199,743	845,633
Realized and unrealized gains (losses)	2,818,485	820,696	(162,406)	658,290	3,476,775
Appropriated earnings	(75,660)	(262,594)	-	(262,594)	(338,254)
Net assets December 31, 2020	34,479,301	3,180,660	13,325,386	16,506,046	50,985,347
Contributions	5,791	-	357,129	357,129	362,920
Investment income					
Interest income	706,067	293,014	-	293,014	999,081
Realized and unrealized gains	3,816,495	1,048,085	-	1,048,085	4,864,580
Appropriated earnings	(129,134)	(125,849)	-	(125,849)	(254,983)
Net assets December 31, 2021	<u>\$ 38,878,520</u>	<u>\$ 4,395,910</u>	<u>\$ 13,682,515</u>	<u>\$ 18,078,425</u>	<u>\$ 56,956,945</u>

In addition to the board-designated net assets for endowment, the Board has also designated net assets without donor restrictions for other purposes. Total board-designated net assets as of December 31, 2021 and 2020, are comprised of the following:

	2021	2020
Physical plant reserve	\$ 3,870,711	\$ 3,543,143
Cash reserve	9,234,436	2,421,187
Social justice	2,176,604	2,010,025
Artistic reserve	2,161,183	1,976,799
Total board-designated nonendowment net assets	17,442,934	9,951,154
Endowment	38,878,520	34,479,301
Total board-designated net assets	<u>\$ 56,321,454</u>	<u>\$ 44,430,455</u>

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 12 – Government Grants

Income from government grants on the accompanying statement of activities for the years ending December 31, 2021 and 2020, is comprised of the following:

	<u>2021</u>	<u>2020</u>
City of San Diego	\$ 284,032	\$ 345,232
CalOSBA	25,000	-
California Department of Corrections	335,005	-
SBA Shuttered Venue Operators Grant	8,000,001	-
SBA PPP Loan forgiveness	2,866,450	-
California State Arts Council	40,355	93,233
National Endowment for the Arts	20,000	35,000
County of San Diego	34,000	-
	<u>\$ 11,604,843</u>	<u>\$ 473,465</u>
Total		

The Old Globe's grants with government agencies are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from such audits would not be material.

Note 13 – Collective Bargaining Agreement

Substantially, the actors employed by The Old Globe are subject to being under a collective bargaining agreement with the Actors' Equity Association, which expires February 12, 2023. Certain crew members employed by The Old Globe are subject to a collective bargaining agreement with the International Alliance of Theatrical Stage Employees that expires in December 2024.

Note 14 – Related Parties

Certain members of the Board are employed at banks that have provided financing to The Old Globe (Note 7) and in which The Old Globe maintains cash and investment accounts.

Contributions in the accompanying statements of activities for the years ended December 31, 2021 and 2020, include approximately \$4,124,000 and \$2,587,000, respectively, received from members of the Board. Receivables on the accompanying statements of financial position as of December 31, 2021 and 2020, include approximately \$4,624,000 and \$4,751,000, respectively, of pledges receivable due from members of the Board.

Old Globe Theatre dba The Old Globe
Notes to Financial Statements

Note 15 – Liquidity

The Old Globe is supported primarily by ticket sales revenue and contributions. Because donor restrictions may require resources to be used in a particular manner or in a future period, financial assets may not be available for general expenditures within one year. The Old Globe structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, The Old Globe invests cash in excess of immediate requirements in short-term investments.

The following table reflects The Old Globe's financial assets, excluding endowment assets, as of December 31, 2021 and 2020, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year. Amounts not available for general expenditures include cash and pledges receivable with purpose or time restrictions imposed by donors, accumulated earnings on endowment funds included in investments, cash on hand restricted to support for future seasons, and amounts set aside for long-term investing in board-designated net assets that could be drawn only upon the approval of the Board. However, amounts appropriated for expenditure from the donor-restricted accumulated earnings on the endowment within one year of December 31, 2021 and 2020, are considered available.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,607,015	\$ 4,669,012
Investments	67,811,159	52,086,454
Receivables, net	<u>7,372,377</u>	<u>8,668,779</u>
 Total financial assets	 80,790,551	 65,424,245
Restricted cash – Actors' Equity Association	(222,398)	(222,398)
Deferred revenue – conditional contribution	(838,200)	(145,000)
Assets restricted for specified purpose or passage of time	(9,005,453)	(8,354,864)
Enhancement revenue received in advance	(150,000)	-
Accumulated earnings on endowment included in investments	(4,395,910)	(3,180,660)
Board approved appropriation of accumulated earnings on endowment	<u>1,714,836</u>	<u>1,452,424</u>
 Financial assets available before restricted cash for future seasons and board-designated net assets subject to Board approval before use	 67,893,426	 54,973,747
Restricted cash to support future seasons (bridge)	(3,841,178)	(3,841,178)
Board-designated net assets	<u>(56,321,454)</u>	<u>(44,430,455)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 7,730,794</u>	 <u>\$ 6,702,114</u>

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 16 – Uncertainties

In response to the global pandemic, The Old Globe postponed all performances beginning March 14, 2020. Ticket holders had the option to receive a refund, have their tickets automatically rescheduled to future dates, donate the value of the tickets back to The Old Globe, or transfer the tickets to a gift certificate. The Globe reinstated performances beginning in June 2021 and has not postponed any further performances. However, the continued disruption to The Old Globe's operations is uncertain but the results of operations and liquidity could be adversely affected in future periods.

Note 17 – Classification of Expenses

The following reflects the classification of The Old Globe's expenses by both the underlying nature of the expense and the function for the years ended December 31, 2021 and 2020. An individual expense is allocated to the underlying activity to which it was incurred. The statement of activities includes certain expenses that must be allocated on a reasonable basis, which has been consistently applied; see methodology in Note 1.

	Year Ended December 31, 2021					Total
	Supporting Services				Total Supporting Services	
	Program Services	Management and General	Fundraising	Special Events		
Salaries and related expenses						
Salaries and wages	\$ 8,601,570	\$ 1,593,174	\$ 1,244,113	\$ 36,940	\$ 2,874,227	\$ 11,475,797
Other employee benefits	842,146	131,077	105,631	3,842	240,550	1,082,696
Payroll taxes	792,015	116,009	88,207	4,189	208,405	1,000,420
Pension plan expenses	503,693	74,488	56,677	2,368	133,533	637,226
Total	10,739,424	1,914,748	1,494,628	47,339	3,456,715	14,196,139
Operating expenses						
Fees for Services	1,078,607	145,926	79,766	67,196	292,888	1,371,495
Production Expense	930,016	-	-	33,004	33,004	963,020
Office Expense	284,775	341,197	31,573	27,975	400,745	685,520
Advertising and Promotion	388,578	5,750	9,602	6,499	21,851	410,429
Insurance	458,242	173,068	8,974	1,463	183,505	641,747
Royalties	418,465	-	-	-	-	418,465
Catering	68,068	-	83,194	102,337	185,531	253,599
Miscellaneous	59,630	72,375	96,561	215,775	384,711	444,341
Occupancy	341,097	58,982	-	-	58,982	400,079
Bank Charges	-	240,296	2,510	-	242,806	242,806
In Kind	271,863	22,990	42,310	40,810	106,110	377,973
Travel	126,078	3,074	1,422	1,553	6,049	132,127
Information Technology	13,288	367,076	-	-	367,076	380,364
Maintenance	302,105	49,960	-	-	49,960	352,065
Cost of Goods Sold	171,436	-	-	-	-	171,436
Accounting	-	220,126	-	-	220,126	220,126
Fellowships	155,900	-	-	-	-	155,900
Interest	80,607	-	-	-	-	80,607
Legal	4,318	59,037	1,360	-	60,397	64,715
Conferences	653	1,712	2,894	50	4,656	5,309
Total	5,153,726	1,761,569	360,166	496,662	2,618,397	7,772,123
Depreciation and amortization	1,407,708	334,598	-	-	334,598	1,742,306
Total	\$ 17,300,858	\$ 4,010,915	\$ 1,854,794	\$ 544,001	\$ 6,409,710	\$ 23,710,568

Old Globe Theatre dba The Old Globe
Notes to Financial Statements

Note 17 – Classification of Expenses (continued)

	Year Ended December 31, 2020					Total
	Supporting Services				Total Supporting Services	
	Program Services	Management and General	Fundraising	Special Events		
Salaries and related expenses						
Salaries and wages	\$ 5,199,780	\$ 1,333,380	\$ 1,226,145	\$ -	\$ 2,559,525	\$ 7,759,305
Other employee benefits	625,592	109,786	113,230	-	223,016	848,608
Payroll taxes	436,921	89,096	82,840	-	171,936	608,857
Pension plan expenses	220,859	27,941	27,805	-	55,746	276,605
Total	<u>6,483,152</u>	<u>1,560,203</u>	<u>1,450,020</u>	<u>-</u>	<u>3,010,223</u>	<u>9,493,375</u>
Operating expenses						
Fees for services	569,071	72,239	50,433	2,046	124,718	693,789
Royalties	515,573	-	-	-	-	515,573
Production expenses	458,527	-	-	-	-	458,527
Insurance	253,789	164,466	13,349	-	177,815	431,604
Miscellaneous	45,348	200,344	110,454	1,243	312,041	357,389
Information technology	15,047	338,010	-	-	338,010	353,057
In-kind	252,228	2,268	60,109	-	62,377	314,605
Office expenses	162,998	109,720	22,612	3,925	136,257	299,255
Occupancy	255,439	42,981	-	-	42,981	298,420
Advertising and promotion	237,387	978	5,687	490	7,155	244,542
Maintenance	176,048	38,033	-	-	38,033	214,081
Accounting	-	188,430	-	-	188,430	188,430
Fellowships	162,200	-	-	-	-	162,200
Bank charges	-	142,260	2,140	-	144,400	144,400
Interest	88,910	17,564	-	-	17,564	106,474
Travel	84,168	3,000	1,553	28	4,581	88,749
Catering	17,276	66	19,025	4,082	23,173	40,449
Cost of goods sold	40,419	-	-	-	-	40,419
Legal	9,502	7,023	-	-	7,023	16,525
Conferences	3,678	4,732	1,540	-	6,272	9,950
Total	<u>3,347,608</u>	<u>1,332,114</u>	<u>286,902</u>	<u>11,814</u>	<u>1,630,830</u>	<u>4,978,438</u>
Depreciation and amortization	<u>1,360,770</u>	<u>323,588</u>	<u>-</u>	<u>-</u>	<u>323,588</u>	<u>1,684,358</u>
	<u>\$ 11,191,530</u>	<u>\$ 3,215,905</u>	<u>\$ 1,736,922</u>	<u>\$ 11,814</u>	<u>\$ 4,964,641</u>	<u>\$ 16,156,171</u>

Old Globe Theatre dba The Old Globe

Notes to Financial Statements

Note 18 – Schedule to Reconcile to Internal 2021 Financial Statements

	Audited Year Ended December 31, 2021
Change in net assets without donor restrictions	\$ 10,932,856
Contribution designated by the Board	(55,561)
Earnings designated by the Board	(970,992)
Draws of board-designated funds	129,134
Depreciation of property and equipment	1,737,911
Acquisition of property and equipment	(588,463)
Payment on debt	(191,306)
	<hr/>
Change in undesignated net assets without donor restrictions	10,993,579
Board designated cash reserve	(6,526,331)
Net realized/unrealized gains on board-designated investments without donor restrictions	(4,217,248)
	<hr/>
Change in undesignated net assets without donor restrictions	<u>\$ 250,000</u>