

AGENDA REQUEST FORM

FOR: Council Meeting of June 7, 2022

FROM: Council Members Sonia Harvey, D'Andre Jones and Sarah Bunch

ORDINANCE OR RESOLUTION TITLE AND SUBJECT:

A RESOLUTION TO AMEND THE ONE HUNDRED YEAR LEASE OF THE SPRING AND WEST PARKING LOT TO THEATRESQUARED, INC. IN ORDER TO SHIFT THE RESPONSIBILITY OF THEATRESQUARED, INC. TO PAY ITS UTILITY BILLS, BUILDING INSURANCE PREMIUMS, BUILDING AND ALL ITS MECHANICAL SYSTEMS MAINTENANCE AND REPAIRS TO THE CITY OF FAYETTEVILLE

APPROVED FOR AGENDA:

Council Member Sonia Harvey

Date

Approved by Emma

Council Member D'Andre Jones

5-27-2022

Date

Approved by email

Council Member Sarah Bunch

5-27-2022

Date

Kit Williams

City Attorney Kit Williams
Approved as to form

May 27, 2022

Date

Batker, Jodi

From: D'Andre Jones <dre91732000@gmail.com>
Sent: Friday, May 27, 2022 11:26 AM
To: Williams, Kit; Batker, Jodi
Cc: Williams, Kit; Paxton, Kara; Batker, Jodi; Martin Miller; Tod Yeslow
Subject: Re: Timely: Next steps for Lease Amendment Resolution

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I approve the resolution

Sent from my iPhone

On May 27, 2022, at 11:02 AM, D'Andre Jones <dre91732000@gmail.com> wrote:

Hey Kit thanks

Sent from my iPhone

On May 27, 2022, at 10:05 AM, Harvey, Sonia <sonia.harvey@fayetteville-ar.gov> wrote:

Dear Kit,

Thank you. I'm looking forward to the discussion on the item. I will review your memo and make sure TheatreSquared is aware of your concerns. I'm definitely flexible to finding the best solution to the goal. Have an excellent Memorial Day weekend!

Sonia Harvey
Fayetteville City Council Member
Ward 1, Position 1
(479) 409-5064

Report a concern:
<http://www.fayetteville-ar.gov/1782/Report-a-Concern>
Speak up on City projects:
<https://speakup.fayetteville-ar.gov/>

From: Williams, Kit <kwilliams@fayetteville-ar.gov>
Sent: Friday, May 27, 2022 9:30:49 AM
To: 'D'Andre Jones' <dre91732000@gmail.com>; Harvey, Sonia <sonia.harvey@fayetteville-ar.gov>; Paxton, Kara <kapaxton@fayetteville-ar.gov>
Cc: Batker, Jodi <jbatker@fayetteville-ar.gov>
Subject: RE: Timely: Next steps for Lease Amendment Resolution

Good Morning D'Andre and Sonia,

Attached is a Resolution to approve and adopt Amendment No. 2 to Lease Agreement Between the City of Fayetteville, Arkansas And TheatreSquared, Inc. which you provided to me yesterday. As you can see this proposed Amendment No. 2 is and will be attached to the Resolution as an exhibit. I believe that this proposed lease amendment was prepared by TheatreSquared, Inc.

I can only approve this Resolution as to form since as I explained in my memo of May 25th, I believe that this proposed lease amendment is probably illegal and unconstitutional.

If this Resolution meets with your approval, please sign the Agenda Request form and return it to me or Jodi or indicate by return email that it is approved for the agenda. We will then place it into Legistar ASAP.

Have a pleasant Memorial Day,
Kit

From: D'Andre Jones <dre91732000@gmail.com>

Sent: Thursday, May 26, 2022 2:14 PM

To: Williams, Kit <kwilliams@fayetteville-ar.gov>; Paxton, Kara <kapaxton@fayetteville-ar.gov>

Cc: Martin Miller <martin@theatre2.org>

Subject: Fwd: Timely: Next steps for Lease Amendment Resolution

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon Kit

I am presenting this on behalf of TheatreSquare as a co-sponsor for next Tuesday's 5/31/2022 City Council agenda meeting.

Best Regards,

D'Andre L. Jones - MSW, MA
Fayetteville City Council
Ward 1 Position 2

"Everybody can be great ... because anybody can serve. You don't have to have a college degree to serve. You don't have to make your subject and verb agree to serve. You only need a heart full of grace. A soul generated by love. Dr. Martin Luther King Jr.

----- Forwarded message -----

From: Martin Miller <martin@theatre2.org>

Date: Thu, May 26, 2022 at 2:05 PM

Subject: Fwd: Timely: Next steps for Lease Amendment Resolution

To: D'Andre Jones <dre91732000@gmail.com>, Jones, D'Andre
<dandre.jones@fayetteville-ar.gov>

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Apologies — neglected to attach the resolution language!

--

Martin Miller
Executive Director
TheatreSquared
479.445.6333 (o) | 479.530.9721 (c)
theatre2.org | ournextstage.org

--

Martin Miller
Executive Director
TheatreSquared
479.445.6333 (o) | 479.530.9721 (c)
theatre2.org | ournextstage.org

Batker, Jodi

From: CityClerk
Sent: Friday, May 27, 2022 11:30 AM
To: Williams, Kit; Batker, Jodi; Pennington, Blake
Subject: FW: T2
Attachments: Resolution, Facilities Fixed Costs Lease Amendment, City of Fayetteville and TheatreSquared.docx

I replied to Council Member Bunch instead of clicking forward. This Word document was attached and you didn't get to see it because I hit reply to you all and not forward.

Thank you,
Kim

Office of the City Clerk Treasurer

113 W. Mountain Street, Suite 308
Fayetteville, AR 72701
479.575.8323

cityclerk@fayetteville-ar.gov

[Website](#) | [Facebook](#) | [Twitter](#) | [YouTube](#)



CITY OF
FAYETTEVILLE
ARKANSAS

From: Bunch, Sarah <sarah.bunch@fayetteville-ar.gov>
Sent: Friday, May 27, 2022 10:58 AM
To: CityClerk <cityclerk@fayetteville-ar.gov>
Subject: T2

Please add my name as a co-sponsor to T2 request. To verify, I should be joining Sonia, Mark, Mike, and D'Andre as co-sponsors.

Sarah Bunch

RESOLUTION NO. _____

A RESOLUTION TO AMEND THE ONE HUNDRED YEAR LEASE OF THE SPRING AND WEST PARKING LOT TO THEATRESQUARED, INC. IN ORDER TO SHIFT THE RESPONSIBILITY OF THEATRESQUARED, INC. TO PAY ITS UTILITY BILLS, BUILDING INSURANCE PREMIUMS, BUILDING AND ALL ITS MECHANICAL SYSTEMS MAINTENANCE AND REPAIRS TO THE CITY OF FAYETTEVILLE

WHEREAS, on June 2, 2016, the City of Fayetteville agreed to lease about an acre of property being used as the West and Spring parking lot for a combined term of 100 years to TheatreSquared, Inc.; and

WHEREAS, rather than the Fayetteville citizens and taxpayers receiving any money or monetary rent for this lease, TheatreSquared, Inc. agreed to pay any millage that might be assessed on the property, insurance on its theatre building, utilities used by TheatreSquared, Inc., maintenance and "all necessary repairs, whether interior, exterior or structural" of TheatreSquared, Inc.'s building; and

WHEREAS, TheatreSquared, Inc. and the Fayetteville City Council desire to shift the burden of all these costs (except any millage) onto the Fayetteville taxpayers for the next 94 years.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves Amendment No. 2 to the Lease Agreement between the City of Fayetteville, Arkansas and TheatreSquared, Inc. as attached as an exhibit to this Resolution which will shift the costs of the TheatreSquared, Inc.'s new theatre building's maintenance (except janitorial) and the costs of all maintenance and repair of the building's structure, roof, building envelope, finish and all of the building's mechanical, electrical, plumbing, drainage, lightning protection, fire suppression and elevator's maintenance, as well as TheatreSquared, Inc.'s costs for building insurance and utility payments for electricity, water, gas, sewer and garbage service to the City of Fayetteville.

PASSED and APPROVED this 7th day of June, 2022.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
KARA PAXTON, City Clerk/Treasurer

Amendment No. 2 to Lease Agreement
Between the City of Fayetteville, Arkansas
And TheatreSquared, Inc.

WHEREAS, the Fayetteville City Council approved Resolution No. 121- 16 authorizing a long term lease agreement with TheatreSquared, Inc. for approximately 0. 90 acres of land at 477 W. Spring Street (the " Lease Agreement") and the Lease Agreement was signed by Mayor Lioneld Jordan on behalf of the City of Fayetteville on June 9, 2016; and

WHEREAS, the City and TheatreSquared wish to share responsibility for fixed costs and maintenance for the city-owned facility.

NOW, THEREFORE, The City of Fayetteville (" City"), TheatreSquared, Inc. ("TheatreSquared") hereby amend the Lease Agreement as follows:

1. Section 6 of the Lease Agreement is amended to read as follows:

(6) **Insurance.** The City of Fayetteville, Arkansas, will constantly at its sole cost and expense keep the Premises insured under special form policies of fire and extended coverage for its full insurable value, with vandalism, sprinkler leakage, and malicious mischief insurance, and such other reasonable additional coverages, including, without limitation, all risk coverage, boiler and machinery insurance, flood insurance and earthquake insurance added as endorsements to said insurance policy. This insurance must be maintained with a reliable insurance company or companies licensed to do business in the state of Arkansas. These policies shall also include a replacement cost coverage endorsement and must meet all coinsurance requirements of the insurer, in an amount affording coverage of not less than eighty percent (80%) of the full insurable value of the Premises. Such policy or policies shall provide that coverage is noncancelable without thirty (30) days prior written notice to City of Fayetteville, Arkansas.

Theatre Squared, Inc. agrees to carry and maintain commercial general liability insurance written as primary coverage with a reliable insurance company licensed to do business in the state of Arkansas, and acceptable to City of Fayetteville, Arkansas, covering occurrences that may arise on the Premises as a result of the operations thereon, in amounts not less than \$1,000,000 per occurrence for bodily injury and

\$1,000,000 per occurrence for property damage and \$3,000,000 per occurrence of combined bodily injury and property damage. All policies required by this provision shall be jointly payable to the Theatre Squared, Inc. and the City.

2. Section 8 of the Lease Agreement is amended to read as follows:

(8) **Maintenance.** Theatre Squared, Inc. shall, at its sole cost, risk and expense: (i) maintain the Premises in good condition and repair, excepting therefrom only normal, reasonable wear and use; (ii) keep the Premises in a clean, safe and sanitary condition; (iii) make, or cause to be made, all necessary interior repairs on the Premises, except as outlined below; and (iv) provide for the reasonable care and cleaning of the Premises.

The City of Fayetteville, Arkansas, shall, at its sole cost, risk and expense: (i) maintain the building structure, building envelope and finish in good condition and repair, including preventative maintenance; (ii) maintain core building systems such as mechanical, electrical, plumbing, drainage, lightning protection, fire suppression, and elevators, including certification, preventative maintenance, repair and replacement; and (iii) maintain sidewalks, grounds, and parking areas, including pest control, periodic resurfacing and timely snow and ice removal.

3. Section 9 of the Lease Agreement is amended to read as follows:

(9) **Utilities.** The City of Fayetteville shall at its sole cost and expense, provide utilities for the Premises including without limitation all initial installation or connection fees or charges, and all monthly fees, service charges or late charges for electricity, water, gas, sewer and garbage service.

Theatre Squared, Inc. shall, at its sole cost and expense, provide utilities for the Premises including internet, television, cable, telephones, and any other expenses arising out of, or incident to Theatre Squared, Inc.'s occupancy of the Premise.

4. Section (36)(C) of the Lease Agreement is amended to read as follows:

(C) At all times during the Term, Theatre Squared, Inc. shall operate, manage and maintain the Premises at the corner of West Avenue and Spring Street in Fayetteville, Arkansas competently and in a manner that is at least as highly professional as the quality and quantity of Theatre Squared, Inc.'s performances and activities which occurred in 2019. This performance requirement shall be temporarily suspended for required repairs, remodeling, renovations or closures due to circumstances beyond Theatre Squared, Inc.'s control.

5. The following Section 40 is added to the Lease Agreement:

(40) **Invalidity of Provisions.** In the event that a court of competent jurisdiction issues a final non-appealable order or judgment holding that all or part of this Amendment is invalid, illegal or incapable of being enforced by any rule of law or public policy, such provisions shall be deemed inapplicable and deemed omitted to the extent so contrary, prohibited or invalid but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible.

CITY OF FAYETTEVILLE, ARKANSAS

By: _____

THEATRE SQUARED, INC.

By: _____



OFFICE OF THE
CITY ATTORNEY

DEPARTMENTAL CORRESPONDENCE



Kit Williams
City Attorney

Blake Pennington
Assistant City Attorney

Jodi Batker
Paralegal

TO: **Mayor Jordan**
City Council

CC: **Susan Norton**, Chief of Staff
Paul Becker, Chief Financial Officer
Jonathan Curth, Development Services Director

FROM: **Kit Williams**, City Attorney

DATE: May 25, 2022

RE: **TheatreSquared's proposal for a second amendment of its June 2016 Lease**

Executive Director Martin Miller of TheatreSquared and his attorney have contacted me and several Council Members to request amendments to the Lease Agreement negotiated by TheatreSquared, Inc. in 2016. Reviewing the recordings of the three City Council meetings for these negotiations, I see that of our current City Council, only Council Members Sarah Bunch and Mark Kinion are still in office. Thus, I need to provide our six newer Council Members a brief history of how and why the Lease Agreement and the \$3.1 Million City taxpayer investment were agreed to by the City Councils of 2015-2017.

History of City Council Approvals of Lease Agreement

The City Council passed a Resolution To Express The City Council's Support Of TheatreSquared And Its Intent To Lease 0.8 Acre of City Property At The Southeast Corner of West And Spring As TheatreSquared's New Permanent Performance Facility on October 6, 2015. After passage of this Resolution supporting the creation of a lease, I began to draft a proposed lease. I used our long-negotiated Lease Agreement between the City, University of Arkansas and the Walton Arts Center as an appropriate model. Indeed, I used the same basic format, terms and much of the wording we had worked out with the University and Walton Arts Center in our first draft of the proposed lease with TheatreSquared. It seemed logical to treat both theater organizations leasing City property in the same manner.

Much of the legal consideration flowing to our taxpayers to support this 100-year lease requested by TheatreSquared mirrored the Walton Arts Center's long-term lease with its promise to **"operate, manage, and maintain the premises"**. (emphasis added)

That maintenance requirement was specifically agreed to by Theatre Squared, Inc in their lease and constituted a substantial amount of consideration for our citizens to justify and legally support the 100 year no money paid lease agreement.

After some negotiations, I notified the City Council that TheatreSquared's attorney had "supplied my office with a revised Lease Agreement which is the version Mayor Jordan has authorized to be furnished to the City Council for its review, consideration, approval or rejection, or to be changed by the City Council to meet its approval ..." memo from City Attorney to Mayor/Council on May 24, 2016. As you see, the Lease Agreement presented to the City Council was the final version drafted by TheatreSquared itself. Now, TheatreSquared, Inc. seeks to dramatically change this Lease Agreement by shifting tens of thousands of dollars of its annual legal obligations onto the backs of Fayetteville's taxpayers. With over 94 years remaining in the agreed lease term, TheatreSquared's shifting of even just the building insurance premium expenses alone would cost our taxpayers at least Five Million Dollars for a building in which our citizens have no possessory rights until 2116 at the earliest.

Executive Director Martin Miller and Artistic Director Bob Ford jointly presented TheatreSquared's request to the City Council and public to agree to this no monetary payment 100-year lease. They told the City Council that this season TheatreSquared had passed 40,000 in yearly attendance and that the current budget was \$2 Million. They predicted a **doubling** of TheatreSquared's impact after completion of the theater project. With those promising numbers, the City Council agreed to TheatreSquared's proposed Lease Agreement and authorized Mayor Jordan to sign it.

3.1 Million Dollar Investment Into TheatreSquared's Project

TheatreSquared, Inc. later requested that the City of Fayetteville also invest several million dollars into this theater project. This was no surprise and was the main reason that the City could only lease the parking lot land to TheatreSquared, not sell it. If the City had sold the land, the City could not have constitutionally made any direct monetary investment into this Theater project. Because the City leased rather than sold the land, the City could invest in this building project because we would legally own the building being constructed upon City property even though the City would have no legal possessory rights to the building for a century.

If we no longer owned the property, the *Arkansas Constitution* would prevent using tax payer money to construct another entity's theater project. *Arkansas Constitution*, Article 12 §5 "No county, city, town or other municipal corporation shall ... obtain or appropriate money for ... any corporation, association, institution or individual." This Constitutional provision was amended in 2016 to allow cities to appropriate money to "Finance economic development projects." However, the long list

of allowed economic development projects in that Constitutional amendment did NOT include theaters. Therefore, it is still unconstitutional to obtain or appropriate taxpayer funds to finance theaters or their operation.

Council Member Justin Tennant stated he was concerned for TheatreSquared's longevity and its ability to pay its maintenance costs in the long run. He asked if TheatreSquared had a maintenance plan to ensure it could pay for ongoing expenses. "What I'm trying to do is guard against in five years from now TheatreSquared has financial problems and goes away and the City is stuck with a very pretty building that does not give any money back to the community."

Martin Miller responded by repeating that they had had a surplus every year for seven years and built up a \$400,000 cash reserve. He pointed out that TheatreSquared would save between \$150,000 and \$200,000 annually by no longer having to pay rent and ticketing costs to the Walton Arts Center. Martin Miller assured the Council that even if their campaign to raise money was only able to raise 70% of their goal, TheatreSquared would still be able to operate successfully.

During the final comments from the City Council, some Council Members said they would vote for \$3.1 Million dollar investment since it was a one time expense. Council Member Tennant was concerned that TheatreSquared did not even have a five year maintenance plan and could come back in five years looking for more money. His prediction appears to have been correct as TheatreSquared is now, less than six years later, asking the Council to take over all significant maintenance costs, as well as building insurance costs and utility expenses.

Legal Consideration Necessary To Amend Lease

The October 6, 2015 Resolution showed that the Administration and City Council wanted to assist TheatreSquared as much as legally and constitutionally possible. To accomplish the intention of the Council, I included within the 100-year no monetary rent payment Lease Agreement as much performance, management, and maintenance consideration as TheatreSquared could provide to legally and constitutionally justify the lease. I have known for over 20 years that a city cannot constitutionally give taxpayer money away, even to a worthy charity. The City can recognize services such as paying for maintenance, repair, and insurance for its building as consideration supporting a lease. The considerations required of TheatreSquared in the lease must be fair, adequate, and valid for our taxpayers in relation to the value the City and our citizens would be providing the charity by the longest no money lease Fayetteville has ever agreed to.

Shortly after I became Fayetteville City Attorney in 2001, a Council Member asked me whether a Resolution passed the year before to appropriate 2 mills of

property tax for two years (approximately 2.3 million dollars) and give this money to match a generous private donation to build a new Fayetteville Boys & Girls Club on private land was legal. After extensive research, I had to conclude the City could not give this taxpayer money to match the private grant.

Some on the City Council and many others immediately objected, challenged my interpretation, and claimed I was endangering or maybe even personally opposed to the proposed new Boys & Girls Club. A Council Member called for an Attorney General's Opinion. Soon the Arkansas Attorney General issued his official opinion and said I was correct. The AG quoted from the same Arkansas Supreme Court case I had cited: *Halbert v. Helena-West Helena Industrial Development Corp.* 226 Ark. 620, 625-626 (1956) which: "establishes beyond all question that a municipality cannot contribute to a private, non-profit corporation regardless of whether the corporation serves a 'public purpose.'" The AG then cited and quoted *Arkansas Constitution, Article 12 § 5* which I have already quoted earlier.

The Arkansas Attorney General continued his opinion by stating "Nothing in the constitution precludes the county (or city) from contracting with a private nonprofit charity, **so long as the contract is supported by adequate consideration** and serves a governmental end. Cities and counties clearly can enter into contract that are supported by valid consideration." (emphasis added) Arkansas Attorney General Opinion No. 2001-135, page 2.

"Under Arkansas law, there must be additional consideration when the parties enter into an additional contract." *Youree v. Eshaghoff*, 99 Ark App. 4, 256 S.W. 3d 551, 555 (2007).

"The weight of authority is that a subsequent agreement that purports to modify or change an existing agreement must be supported by consideration other than the consideration involved in the existing agreement." *Sorrells v. Bailey Cattle Co.* 260 Ark. 800, 595 SW. 2d 950 (1980, Ark. App.)

When I prepared the original draft of the lease which the City Council had expressly requested, I had had to carefully include all the possible legal consideration that TheatreSquared could provide to support the granting this 100 year lease with no monetary payment to our citizens. **All of these promises by TheatreSquared in the lease were necessary to provide fair, adequate, and valid consideration to support the Lease Agreement's constitutionality.** With these promises to pay for all maintenance and repair of the building, its mechanical, electrical and plumbing systems, the building's insurance, and all utilities, this lease would likely be determined by a Court to be legal and constitutional.

However, I could not and did not omit any additional possible valid consideration which TheatreSquared could now use to support an amendment for the City taxpayers to assume expenses for the maintenance of the building, its insurance and utilities that TheatreSquared had promised to pay. TheatreSquared's promises to pay these expenses were necessary to protect the 100 year lease with no monetary payment against any legal challenges that Fayetteville had not received "adequate," "valid", and "fair and equitable consideration," *City of Fort Smith v. Bates*, 260 Ark. 777, 544 S.W. 2d 525, 527 (1976).

Paragraph (3) of the Lease Agreement states "**Rental**. As primary rental for the Premises, TheatreSquared, Inc. agrees to faithfully perform all of the Representations and Warranties of TheatreSquared, Inc. contained in Paragraph 36 of the Lease Agreement."

"Paragraph (36) Representations and Warranties of TheatreSquared, Inc. TheatreSquared, Inc. hereby covenants and warrants to the City of Fayetteville, Arkansas that:

...
"(C) At all times during the Term, Theatre Squared, Inc. shall operate, manage and **maintain** the Premises at the corner of West Avenue and Spring Street. . . ." (emphasis added)

Conclusion

To provide adequate, fair, valid, and equitable constitutional consideration to support the rent-free 100 year lease of City property to TheatreSquared, Inc., the Lease Agreement signed by TheatreSquared almost six years ago placed the monetary burden on TheatreSquared (just as it is placed upon the Walton Arts Center) to insure its building (Paragraph 6 Insurance). This is very reasonable because TheatreSquared, Inc. will have full possessory rights to the building for another 94 years with the City only holding legal title with potential full ownership and possession not available until 2116. At that point, the building will be 100 years old and probably in need of very substantial rehabilitation. The Walton Arts Center has long paid for insurance for its long-term leased building.

Both the Walton Arts Center and TheatreSquared are required to pay for the utilities they use. This is also quite fair as both have very long-term use and control of their buildings and good reason to be frugal, economic, and careful to conserve energy, water, etc. as long as it is their expense to pay. This is certainly an operating expense not appropriate or legal for the City to pay.

Building insurance and utility costs were both explicitly agreed to be paid by TheatreSquared in paragraph (6) Insurance and (9) Utilities of the Lease Agreement TheatreSquared signed on May 25, 2016. These were both important parts of the necessary adequate, fair, valid, and equitable consideration for our taxpayers necessary for the constitutional validity of the Lease Agreement. Removing any of these parts of the constitutional consideration necessary to support the Lease Agreement would be legally and constitutionally dangerous and suspect. Shifting this burden upon Fayetteville taxpayers for the next 94 years (which would add up to many millions of dollars during the lease terms) doubles the danger and loss of consideration necessary to support the lease.

Even more constitutionally dangerous would be to remove all major maintenance responsibilities required of TheatreSquared in the Lease Agreement it agreed to and signed and shift this financial burden to Fayetteville taxpayers. Paragraph (8) Maintenance by TheatreSquared, Inc. expressly requires: "TheatreSquared, Inc. shall, at its sole cost, risk and expense (i) maintain the Premises in good condition ... (iii) make, or cause to be made, all necessary repairs, whether interior, exterior or structural, on the Premises; and (iv) provide for the reasonable care, landscaping and cleaning of the Premises."

Maintenance costs and potential repair expenses were the very issues and concerns expressed by Council Member Tennant during the final City Council meeting before TheatreSquared could go forward toward construction. As I reported earlier, TheatreSquared's representatives told the Council in response to Council Member Tennant's concerns that even if they could "never raise another dime above 70% of the (fundraising) goal threshold needed to begin construction", that will not stop operations. I believe the City Council and our taxpayers are entitled to rely upon TheatreSquared's assertions made to convince the City Council to pass the Lease Agreement and the \$3.1 Million payment.

Maintenance and repair of the TheatreSquared's building and all of its structure and mechanical systems (elevator, air conditioning and heating systems, plumbing and electrical systems, exterior walls, roofs, windows, etc.) are very important parts of the valid, adequate and fair consideration TheatreSquared agreed to provide our taxpayers for the no monetary rent, 100 year lease of almost an acre of very valuable property in the Entertainment District. The City Council in June of 2016 approved TheatreSquared's own final draft proposal of the Lease Agreement which expressly and clearly placed the payment for maintenance, repair, insurance, and utilities upon TheatreSquared. Shifting the burden for any of these agreed to expense burdens from TheatreSquared to the citizens and taxpayers of Fayetteville would endanger the legality and constitutionality of this whole Lease Agreement.

A Better Way To Assist TheatreSquared, Inc.

First, I need to acknowledge that my wife and I are longtime season ticket holders for TheatreSquared productions. We have even contributed to TheatreSquared fundraisers, and we certainly hope it long continues its presentations of wonderful, intimate theatrical performances. However, I cannot allow my own admiration for TheatreSquared and its management and artists to cloud my judgment and duty to the citizens and taxpayers of Fayetteville.

Instead of risking a constitutional violation and possible litigation against the City by changing the Lease Agreement and locking the City into 94 years of taxpayers having to pay expenses TheatreSquared promised to pay and said they could pay even if they failed to achieve 30% of their fundraising goal, the City Council has a one-time opportunity to ensure TheatreSquared will receive the federal American Rescue Plan Act (ARPA) funds they may be entitled to.

Federal funds like ARPA can be paid pursuant to federal regulations and do not have the Arkansas Constitutional restrictions that our taxpayer funds in our General Fund have. I believe that this one-time opportunity for assistance is the best possible and legal way that the City Council can now assist TheatreSquared.

CityClerk

From: Martin Miller <martin@theatre2.org>
Sent: Monday, June 6, 2022 7:50 AM
To: Williams, Kit; Todd Simmons; Tod Yeslow
Subject: Memorandum from J. Cliff McKinney, QG&T, re: TheatreSquared Lease Amendment
Attachments: TheatreSquared Memo 060522 – J Cliff McKinney.pdf

Categories: Forwarded

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning Kit,

J. Cliff McKinney of Quattlebaum, Grooms & Tull, has prepared a memorandum respectfully responding, in detail, to concerns expressed in your memo shared with the Council (copied here), and clarifying his firm's finding that:

"There is no barrier, legal or otherwise, in the way of the City of Fayetteville and TheatreSquared mutually agreeing to revise their lease agreement, leaving the decision a matter of policy, not of legal concern, for Council members to decide."

Mr. McKinney will be joining the meeting on Tuesday evening to summarize this conclusion, and is available then or before to answer yours or council members' additional questions. He provided his direct contact information below for that purpose.

More details on Mr. McKinney's background and expertise on these issues are available [here](#). He is in his sixth term as Chair of the Arkansas Real Estate Bar, is a Fellow of the American College of Real Estate Lawyers, created the Arkansas Real Estate Review, lectures on Real Estate Transactions for UALR, authored the Arkansas chapter for the American Bar Association on institutional land use, has won numerous major real estate cases in Arkansas court, and has published at length on similar matters. We are grateful for his time and expertise, which he is generously contributing on a pro bono basis.

We appreciate your due diligence in these important conversations. It is certainly a benefit to the citizens of Fayetteville, to the City, and to TheatreSquared to have thoroughly explored these questions. We look forward to the public conversation tomorrow evening.

Best,
Martin

Martin Miller
Executive Director
TheatreSquared
479.445.6333 (o) | 479.530.9721 (c)
theatre2.org | he/him

----- Forwarded message -----

From: Cliff McKinney <cmckinney@qgtlaw.com>
Date: Sun, Jun 5, 2022 at 11:22 PM

Subject: RE: Memorandum from J. Cliff McKinney, QG&T, re: TheatreSquared Lease Amendment
To: Martin Miller <martin@theatre2.org>

J. Cliff McKinney, II | Quattlebaum, Grooms & Tull PLLC | 501.379.1725



MEMORANDUM

TO: Martin Miller

FROM: Quattlebaum, Grooms & Tull PLLC

DATE: June 5, 2022

RE: TheatreSquared's proposal for a second amendment of its June 2016 Lease

INTRODUCTION

Members of the City Council for City of Fayetteville recently requested an amendment to the June 2016 lease between TheatreSquared and the City of Fayetteville. Upon request, the City Attorney for Fayetteville drafted a memo raising his opposition to the proposed amendment. We respect the City Attorney's concern on the matter; however, we do not find any legal argument supporting this opposition to be compelling.

The lease, as amended by the proposed resolution, contains more than sufficient consideration to meet all standards for contract law within the State of Arkansas. As such, constitutional concerns should not be applicable in this case, and even in the unlikely case that they were found to be applicable, would arguably no longer apply due to the 2016 state constitutional amendment which allows for broader applications than the City Attorney's memo implies.

We respectfully submit that there is no barrier, legal or otherwise, in the way of the City of Fayetteville and TheatreSquared mutually agreeing to revise their lease agreement, leaving the decision a matter of policy, not of legal concern, for Council members to decide.

Consideration of the Initial Lease Agreement

A considerable amount of the City Attorney's memo was devoted to TheatreSquared's consideration in the 2016 Lease Agreement. Emphasis was placed on TheatreSquared's contractual obligations to provide property insurance, maintenance, and utilities as a critical piece of consideration in the lease agreement. It would seem the argument is that the contract would fail for lack of adequate consideration were it not for these obligations. We find this unconvincing and

are of the position that these duties represented only a small amount, if any, of TheatreSquared's consideration in the Lease Agreement. The memo uses the language "much of" and "substantial amount" to describe these obligations as part of the theatre's consideration. However, in the portions of the lease agreement that define TheatreSquared's rental and consideration (Sections 3-5), these obligations are not referenced at all. Instead, the lease specifically defines two areas of rental consideration. The first is TheatreSquared's construction of a multimillion-dollar venue on the land, now owned by the City of Fayetteville:

"As a primary consideration to support this Lease Agreement, Theatre Squared, Inc. agrees that it will fund raise and construct a major theatrical performance facility on the Premises."

While the city generously contributed \$3,100,000 to this project, TheatreSquared raised and financed approximately \$28,000,000—over 90%—of the cost from non-municipal sources to construct the \$31,000,000 building that the city now owns. As the City Attorney's memo stated, it may be true that possessory rights lie with TheatreSquared for the term of the lease, but that matter is not relevant to these costs being valid consideration well surpassing the maintenance and upkeep of the building. We believe that the financing and raising of \$28,000,000 and then subsequent construction of the multimillion-dollar venue now owned by the City of Fayetteville constitutes significantly more consideration on the part of TheatreSquared than the mere maintenance and upkeep of the aforementioned building.

Additionally, TheatreSquared's obligations under Section 36 defines as a second "primary rental" the "performance requirement" of the company's ongoing programmatic activities. The contract's current minimum performance standards is based on TheatreSquared's 2015 activities, which also constitutes valid consideration. Obligations to perform pursuant to a contract is a form of consideration found in many contracts.

We believe that there would have been valid consideration in the Lease even if that agreement never included TheatreSquared's obligation for maintenance and upkeep in the first place. Removing this obligation by way of amendment does not significantly change the consideration of the original lease agreement which included raising \$28,000,000, constructing the building, and then meeting performance standards.

Legal Consideration for the Amendment

The next concern raised in the City Attorney's memo is that there is no new consideration for the execution of an amendment. We disagree. New consideration was added after direct conversation with, and at the request of, the City Attorney. Documented demonstration of this additional consideration was also provided to the City Attorney. Nevertheless, this change and these elevated performance standards are entirely excluded from the scope of the memorandum.

As referenced above, the original contract obligated TheatreSquared to meet certain minimum performance standards. This new amendment would raise those standards substantially to performance standards from the year 2015 to the year 2019, the final year prior to COVID-related shutdowns. The new standards move the measurement period to a year in which TheatreSquared had increased performances by 30%, attendance by 75%, staffing by 80%, and

local economy expenditure by over 100% from the 2015 baseline. A contractual promise to perform “in a manner that is at least as highly professional as the quality and quantity of Theatre Squared, Inc.’s performances and activities which occurred” in 2019, rather than 2015, greatly increases TheatreSquared’s performance standards and serves as additional valid consideration for a lease amendment.

Constitutional Concerns

The City Attorney’s memo suggests there are Constitutional concerns with the lease amendment. These concerns are not relevant if TheatreSquared provides valid consideration, as it has within the amendment language and within the existing lease. However, these concerns are also no longer applicable regardless of the consideration standard. The City has had the constitutional ability to support a wide range of economic development projects since 2016.

The City Attorney’s memo cites Ark. Const. art. XII, § 5 as a barrier to a city appropriating money to various organizations, but then concedes that the article as amended in 2016 by Ark. Const. amend. LXXXII, § 1 provides exceptions for economic development projects. The City Attorney’s memo concludes that it is unconstitutional for the city to appropriate funds for a theatre because theatres are not specifically mentioned in the list of economic development projects in the amendment. However, the language of the amendment states, “Infrastructure needs may include, but *are not limited to*: . . .”, (emphasis added) and then enumerates the list which the City Attorney referenced. The legislature clearly did not intend for this to be an exhaustive list. Consequently, concluding that the “. . . Constitutional amendment did NOT include theatres. Therefore, it is still unconstitutional . . .” is in error. Instead, a city might consider a theatre a type of infrastructure that serves a valuable economic development purpose.

Other Concerns

The City Attorney’s memo also raised various points unrelated to legal concerns, noting that TheatreSquared had stated that it would be able to financially fulfill its obligations for maintenance and upkeep. We don’t find these points relevant to any legal matter at hand. To be sure, TheatreSquared expressed its ability to pay for these ongoing expenses. It has fulfilled this obligation and is still able to. The proposed amendment is not out of immediate financial hardship or TheatreSquared’s inability to pay for these expenses in the short term. Rather, this amendment would free up more resources for TheatreSquared to pursue its charitable mission, which in turn supports the economic development of the City of Fayetteville and benefits area businesses and residents. If the City Council would like to support TheatreSquared’s mission and promote economic development within the City of Fayetteville by executing this amendment and freeing up resources for TheatreSquared’s programmatic activities, then the parties are freely able to do so. Past justification of obligations under the existing lease agreement are not relevant if the parties would like to mutually agree to amend that agreement. This seems to be a policy concern and not a legal concern. Policy matters are for the city council to decide.

Conclusion

We respectfully submit that there is no barrier, legal or otherwise, in the way of the City of Fayetteville and TheatreSquared mutually agreeing that, as a policy matter, they want to amend the Lease by raising the minimum performance standards of TheatreSquared and agreeing to take responsibility for certain facility costs on its own property so that TheatreSquared may devote its resources to activities which benefit the businesses and citizens of Fayetteville.

CityClerk

From: Martin Miller <martin@theatre2.org>
Sent: Monday, June 6, 2022 1:10 PM
To: CityClerk
Subject: Financial Documents
Attachments: TheatreSquared-20-990.pdf; TheatreSquared-FY20-Audit.pdf

Categories: Forwarded

CAUTION: This email originated from outside of the City of Fayetteville. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon,

I wanted to reach out and share with you the most recent 990 and audited financials for TheatreSquared, to help Council members in preparation for the meeting tomorrow night. These were prepared by Porterfield & Co.

Notes of interest:

Program services were greatly restricted for much of the fiscal year by shutdowns related to the COVID-19 pandemic.

Net cash received beyond operating costs reflects, in part, the receipt of pledge payments related to the ongoing capital campaign intended to service outstanding construction-related financing.

Thanks so much,
Martin

Martin Miller
Executive Director
TheatreSquared
479.445.6333 (o) | 479.530.9721 (c)
theatre2.org | he/him

Porterfield & Company CPA, PLLC
300 N. College Ave. Ste. 215
Fayetteville, AR 72701

Theatre Squared, Inc.
P.O. Box 4188
Fayetteville, AR 72702
|||||

Porterfield & Company CPA, PLLC
300 N. College Ave. Ste. 215
Fayetteville, AR 72701
479-287-4739

May 13, 2022

CONFIDENTIAL

Theatre Squared, Inc.
P.O. Box 4188
Fayetteville, AR 72702

Dear Elliott:

We have prepared the following returns from information provided by you without verification or audit.

Return of Organization Exempt From Income Tax (Form 990)

We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

Porterfield & Company CPA, PLLC

Porterfield & Company CPA, PLLC
300 N. College Ave. Ste. 215
Fayetteville, AR 72701
479-287-4739

May 13, 2022

CONFIDENTIAL

Theatre Squared, Inc.
P.O. Box 4188
Fayetteville, AR 72702

For professional services rendered in connection with the preparation of the following tax forms
for year ending 6/30/21.

Amount due \$ 0.00

Filing Instructions

Theatre Squared, Inc.

Exempt Organization Tax Return

Taxable Year Ended June 30, 2021

Date Due: AS SOON AS POSSIBLE

Remittance: None is required. Your Form 990 for the tax year ended 6/30/21 shows no balance due.

Signature: You are using a Personal Identification Number (PIN) for signing your return electronically. Form 8879-EO, IRS *e-file* Signature Authorization for an Exempt Organization should be signed and dated by an authorized officer of the organization and returned to:

Porterfield & Company CPA, PLLC
300 N. College Ave. Ste. 215
Fayetteville, AR 72701

Important: Your return will not be filed with the IRS until the signed Form 8879-EO has been received by this office.

Other: Your return is being filed electronically with the IRS and is not required to be mailed. If you Mail a paper copy of your return to the IRS it will delay the processing of your return.

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027



Form **8879-EO****IRS e-file Signature Authorization
for an Exempt Organization**

OMB No. 1545-0047

Department of the Treasury
Internal Revenue ServiceFor calendar year 2020, or fiscal year beginning **7/01**, 2020, and ending **6/30**, 20**21****Do not send to the IRS. Keep for your records.**
Go to www.irs.gov/Form8879EO for the latest information.**2020**

Name of exempt organization or person subject to tax

Theatre Squared, Inc.

Taxpayer identification number

20-1016258

Name and title of officer or person subject to tax

**Martin Miller
Executive Director****Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a**, **2a**, **3a**, **4a**, **5a**, **6a**, or **7a** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b**, **2b**, **3b**, **4b**, **5b**, **6b**, or **7b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1a Form 990 check here <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b 7,838,755
2a Form 990-EZ check here <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b
3a Form 1120-POL check here <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b
4a Form 990-PF check here <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b
5a Form 8868 check here <input type="checkbox"/>	b Balance due (Form 8868, line 3c)	5b
6a Form 990-T check here <input type="checkbox"/>	b Total tax (Form 990-T, Part III, line 4)	6b
7a Form 4720 check here <input type="checkbox"/>	b Total tax (Form 4720, Part III, line 1)	7b

Part II Declaration and Signature Authorization of Officer or Person Subject to Tax

Under penalties of perjury, I declare that ☒ I am an officer of the above organization or ☐ I am a person subject to tax with respect to (name of organization) _____, (EIN) _____ and that I have examined a copy of the 2020 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the electronic return and, if applicable, the consent to electronic funds withdrawal.

PIN: check one box only

☒ I authorize **Porterfield & Company CPA, PLLC** to enter my PIN **90258** as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the tax year 2020 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer or person subject to tax with respect to the organization, I will enter my PIN as my signature on the tax year 2020 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Signature of officer or person subject to tax }

Date }

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

71179877888

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2020 electronically filed return indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature } **Tom G. Porterfield, CPA**

Date }

ERO Must Retain This Form — See Instructions**Do Not Submit This Form to the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see back of form.

Form **8879-EO** (2020)

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020**Open to Public Inspection****A** For the 2020 calendar year, or tax year beginning **07/01/20**, and ending **06/30/21****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization**Theatre Squared, Inc.**

Doing business as

Theatre Squared, Inc.

Number and street (or P.O. box if mail is not delivered to street address)

P.O. Box 4188

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

Fayetteville**AR 72702****D** Employer identification number**20-1016258****E** Telephone number**479-445-6333****G** Gross receipts \$ **8,101,490****F** Name and address of principal officer:**Martin Miller**
477 W Spring St
Fayetteville**AR 72701****H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. See instructions

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () **t** (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: **u Theatre2.org****H(c)** Group exemption number **u****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other **u****L** Year of formation: **2005** **M** State of legal domicile: **AR****Part I Summary**

Activities & Governance	1 Briefly describe the organization's mission or most significant activities:			
	See Schedule O			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11	
	5 Total number of individuals employed in calendar year 2020 (Part V, line 2a)	5	124	
	6 Total number of volunteers (estimate if necessary)	6	100	
Revenue	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
	b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0	
	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	
	9 Program service revenue (Part VIII, line 2g)	7,238,095	7,183,517	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	954,943	746,221	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,241	16,564	
	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	40,525	-107,547	
		8,245,804	7,838,755	
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
		14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		2,072,847	2,497,620	
16a Professional fundraising fees (Part IX, column (A), line 11e)			0	
b Total fundraising expenses (Part IX, column (D), line 25) u		263,930		
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		1,776,671	1,771,373	
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)		3,849,518	4,268,993	
19 Revenue less expenses. Subtract line 18 from line 12		4,396,286	3,569,762	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year	
	21 Total liabilities (Part X, line 26)	38,765,855	40,472,630	
	22 Net assets or fund balances. Subtract line 21 from line 20	10,075,307	8,212,316	
	28,690,548	32,260,314		

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

Date

Martin Miller**Executive Director**

Type or print name and title

Paid**Preparer Use Only**

Print/Type preparer's name

Tom G. Porterfield, CPA

Preparer's signature

Tom G. Porterfield, CPA

Date

05/13/22Check ☐ if PTIN

self-employed

P00320707

Firm's name

Porterfield & Company CPA, PLLC

Firm's EIN

20-8021464

Firm's address

300 N. College Ave. Ste. 215

Phone no.

479-287-4739Firm's address } **Fayetteville, AR 72701**

May the IRS discuss this return with the preparer shown above? See instructions

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2020)

DAA

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

**1** Briefly describe the organization's mission:**See Schedule O****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ **3,486,866** including grants of \$) (Revenue \$)
During the 2020-21 season, TheatreSquared reached 61,000 patrons through more than 350 streaming and in-person performances, including 13,000 students and their teachers.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)
N/A

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)
N/A

4d Other program services (Describe on Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **u 3,486,866**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I See instructions		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i>		X
c A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note: All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	77	
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

	Yes	No
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	124
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b If "Yes," enter the name of the foreign country u See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7 Organizations that may receive deductible contributions under section 170(c).		
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	X
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
d If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	X
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	X
8 Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8	
9 Sponsoring organizations maintaining donor advised funds.		
a Did the sponsoring organization make any taxable distributions under section 4966?	9a	
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
10 Section 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on Part VIII, line 12	10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations. Enter:		
a Gross income from members or shareholders	11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.		
a Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c Enter the amount of reserves on hand	13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b	
15 Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	15	X
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	X

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

Section A. Governing Body and Management

	1a	11	1b	11	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		11		11		
b Enter the number of voting members included on line 1a, above, who are independent			1b	11		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?					2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?					3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?					4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?					5	X
6 Did the organization have members or stockholders?					6	X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?					7a	X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?					7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:						
a The governing body?					8a	X
b Each committee with authority to act on behalf of the governing body?					8b	X
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O					9	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	X
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	X
13 Did the organization have a written whistleblower policy?	13	X
14 Did the organization have a written document retention and destruction policy?	14	X
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	15a	X
b Other officers or key employees of the organization	15b	X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **u** **None**

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☒ Another's website ☒ Upon request ☐ Other (explain on Schedule O)

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records **u**
Elliott James **477 W Spring St.**
Fayetteville **AR 72701** **479-445-6333**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations. See instructions for the order in which to list the persons above.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Martin Miller	40.00									
Executive Director	0.00				X			173,492	0	0
(2) Robert Ford	0.00									
Artistic Director	0.00				X			162,077	0	0
(3) Lynn Donald Carver	3.00									
Director	0.00	X						0	0	0
(4) Denise Garner	3.00									
Director	0.00	X						0	0	0
(5) Susan Hall	3.00									
Director	0.00	X						0	0	0
(6) Leigh Hopkins	3.00									
Treasurer	0.00	X		X				0	0	0
(7) Louis Martin	3.00									
Director	0.00	X						0	0	0
(8) Yvette Murphy-Erby	3.00									
Director	0.00	X						0	0	0
(9) Catherine Roche	3.00									
Director	0.00	X						0	0	0
(10) Judy Schwab	3.00									
Secretary	0.00	X		X				0	0	0
(11) Ester Silver-Parker	3.00									
Vice President	0.00	X		X				0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) Todd Simmons	3.00									
President	0.00	X		X				0	0	0
(13) Tod Yeslow	3.00									
Director	0.00	X						0	0	0
1b Subtotal								335,569		
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								335,569		

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **u 2**

	Yes	No
3 Did the organization list any former officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **u**

0

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c	155,339					
	d Related organizations	1d						
	e Government grants (contributions)	1e	2,067,309					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	4,960,869					
	g Noncash contributions included in lines 1a-1f	1g	\$ 12,650					
	h Total. Add lines 1a-1f	u	7,183,517					
Program Service Revenue			Business Code					
	2a Earned Income - Box Office -			524,687	524,687			
	b Earned Income - Other - Box O			84,474	84,474			
	c Earned Inc - Box Office - Tic			65,167	65,167			
	d Earned Income - Box Office -			33,589	33,589			
	e Earned Income - Box Office -			18,289	18,289			
	f All other program service revenue			20,015	20,015			
	g Total. Add lines 2a-2f	u	746,221					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			u	16,564		16,564	
	4 Income from investment of tax-exempt bond proceeds			u				
	5 Royalties			u				
	6a Gross rents		(i) Real	(ii) Personal				
		6a						
		b Less: rental expenses	6b					
	c Rental inc. or (loss)	6c						
	d Net rental income or (loss)			u				
	7a Gross amount from sales of assets other than inventory		(i) Securities	(ii) Other				
		7a	1,483					
		b Less: cost or other basis and sales exps.	7b	1,483				
	c Gain or (loss)	7c						
	d Net gain or (loss)			u				
	8a Gross income from fundraising events (not including \$ 155,339 of contributions reported on line 1c). See Part IV, line 18	8a	61,236					
		b Less: direct expenses	8b	106,136				
	c Net income or (loss) from fundraising events			u	-44,900		-44,900	
9a Gross income from gaming activities. See Part IV, line 19	9a							
	b Less: direct expenses	9b						
c Net income or (loss) from gaming activities			u					
10a Gross sales of inventory, less returns and allowances	10a	80,380						
	b Less: cost of goods sold	10b	155,116					
c Net income or (loss) from sales of inventory			u	-74,736		-74,736		
Miscellaneous Revenue			Business Code					
	11a Earned Income - Other - Build			7,095	7,095			
	b Earned Income - Other - Credi			3,055	3,055			
	c Earned Income - Other - Misce			1,439		1,439		
	d All other revenue			500	500			
e Total. Add lines 11a-11d			u	12,089				
12 Total revenue. See instructions			u	7,838,755	756,871	0	-101,633	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,181,722	1,643,331	324,274	214,117
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,635	8,635		
9 Other employee benefits	140,650	116,199	24,291	160
10 Payroll taxes	166,613	130,754	22,154	13,705
11 Fees for services (nonemployees):				
a Management	2,072		2,072	
b Legal	925		925	
c Accounting	11,685		11,685	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	261,840	247,184	14,656	
12 Advertising and promotion	154,470	146,428	8,042	
13 Office expenses	72,865	46,713	9,244	16,908
14 Information technology	14,418		14,418	
15 Royalties	49,203	49,203		
16 Occupancy	256,146	256,146		
17 Travel	47,048	37,847	5,076	4,125
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	250	250		
19 Conferences, conventions, and meetings	1,870	1,315	200	355
20 Interest	202,991	202,991		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	373,969	290,761	72,812	10,396
23 Insurance	54,119	53,542		577
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Physical Prod • Productio	183,084	183,084		
b Development • Cult, Stew,	64,032			64,032
c Marketing • Box Office an	62,630	62,630		
d T2PDI - Teacher Workshops	30,431	30,431		
e All other expenses	-72,675	-20,578	8,348	-60,445
25 Total functional expenses. Add lines 1 through 24e	4,268,993	3,486,866	518,197	263,930
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	650,396	1	1,553
	2 Savings and temporary cash investments	2,372,149	2	5,463,808
	3 Pledges and grants receivable, net	5,224,644	3	4,801,833
	4 Accounts receivable, net	40,468	4	65,188
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net	6	7	233
	8 Inventories for sale or use	7,825	8	7,825
	9 Prepaid expenses and deferred charges	77,504	9	24,386
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 30,928,979		
	b Less: accumulated depreciation	10b 830,193	10c	30,098,786
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	850	15	9,018
16 Total assets. Add lines 1 through 15 (must equal line 33)	38,765,855	16	40,472,630	
Liabilities	17 Accounts payable and accrued expenses	66,392	17	219,943
	18 Grants payable		18	
	19 Deferred revenue	682,225	19	657,038
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	9,326,690	25	7,335,335
	26 Total liabilities. Add lines 17 through 25	10,075,307	26	8,212,316
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	27,250,092	27	31,544,914
	28 Net assets with donor restrictions	1,440,456	28	715,400
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
	32 Total net assets or fund balances	28,690,548	32	32,260,314
	33 Total liabilities and net assets/fund balances	38,765,855	33	40,472,630

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,838,755
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,268,993
3	Revenue less expenses. Subtract line 2 from line 1	3	3,569,762
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	28,690,548
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	4
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	32,260,314

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.		X
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

u Attach to Form 990 or Form 990-EZ.

u Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020**Open to Public
Inspection**

Name of the organization

Theatre Squared, Inc.

Employer identification number

20-1016258**Part I Reason for Public Charity Status.** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
- 10 ☒ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations:
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2020

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2020 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2019 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2020. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2019. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2020. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2019. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) u	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	8,643,353	7,069,426	9,950,702	7,238,095	7,183,517	40,085,093
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	511,766	655,117	712,850	936,811	756,871	3,573,415
3 Gross receipts from activities that are not an unrelated trade or business under section 513		117,892	140,610	293,674	81,819	633,995
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	9,155,119	7,842,435	10,804,162	8,468,580	8,022,207	44,292,503
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	42,100	68,619	37,702	175,709	1,131,434	1,455,564
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b	42,100	68,619	37,702	175,709	1,131,434	1,455,564
8 Public support. (Subtract line 7c from line 6.)						42,836,939

Section B. Total Support

Calendar year (or fiscal year beginning in) u	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
9 Amounts from line 6	9,155,119	7,842,435	10,804,162	8,468,580	8,022,207	44,292,503
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	2,238	5,419	16,087	12,744	16,564	53,052
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	2,238	5,419	16,087	12,744	16,564	53,052
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)	41,008	47,088	56,187	214,713	216,575	575,571
13 Total support. (Add lines 9, 10c, 11, and 12.)	9,198,365	7,894,942	10,876,436	8,696,037	8,255,346	44,921,126
14 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2020 (line 8, column (f), divided by line 13, column (f))	15	95.36 %
16 Public support percentage from 2019 Schedule A, Part III, line 15	16	98.06 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2020 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2019 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests—2020.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☒
- b 33 1/3% support tests—2019.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in lines 11b and 11c below, the governing body of a supported organization?		
11a		
b A family member of a person described in line 11a above?		
11b		
c A 35% controlled entity of a person described in line 11a or 11b above? If "Yes" to line 11a, 11b, or 11c, provide detail in Part VI.		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
3 By reason of the relationship described in line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a governmental entity (see instructions).			
2 Activities Test. Answer lines 2a and 2b below.			
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		Yes	No
2a			
b Did the activities described in line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
2b			
3 Parent of Supported Organizations. Answer lines 3a and 3b below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No," provide details in Part VI.			
3a			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			
3b			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (*explain in Part VI*). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A – Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B – Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (<i>explain in detail in Part VI</i>):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C – Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D – Distributions		Current Year	
1	Amounts paid to supported organizations to accomplish exempt purposes		
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
3	Administrative expenses paid to accomplish exempt purposes of supported organizations		
4	Amounts paid to acquire exempt-use assets		
5	Qualified set-aside amounts (prior IRS approval required—provide details in Part VI)		
6	Other distributions (describe in Part VI). See instructions.		
7	Total annual distributions. Add lines 1 through 6.		
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.		
9	Distributable amount for 2020 from Section C, line 6		
10	Line 8 amount divided by line 9 amount		

Section E – Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2020	(iii) Distributable Amount for 2020
1 Distributable amount for 2020 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2020 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2020			
a From 2015			
b From 2016			
c From 2017			
d From 2018			
e From 2019			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2020 distributable amount			
i Carryover from 2015 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2020 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2020 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2020, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2020 Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2021. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2016			
b Excess from 2017			
c Excess from 2018			
d Excess from 2019			
e Excess from 2020			

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Part III, Line 12 - Other Income Detail

Credit Card Rewards, Cafe and Other \$ 575,571

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors****u Attach to Form 990, Form 990-EZ, or Form 990-PF.**
u Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2020

Name of the organization

Employer identification number

Theatre Squared, Inc.**20-1016258**

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(**3**) (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☐
- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☒ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33¹/₃% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ► \$

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization

Theatre Squared, Inc.

Employer identification number

20-1016258**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Joel & Lynn Carver	\$ 1,019,888	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	Walmart Foundation 702 SW 8th Street Bentonville AR 72716	\$ 262,735	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	Walton Family Foundation PO Box 2030 Bentonville AR 72712-2030	\$ 2,346,094	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	Windgate Charitable Foundation 6323 Ranch Dr Suite B Little Rock AR 72223	\$ 200,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

**SCHEDULE D
(Form 990)**Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements****u** Complete if the organization answered "Yes" on Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
u Attach to Form 990.**u** Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020**Open to Public
Inspection**

Name of the organization

Theatre Squared, Inc.

Employer identification number

20-1016258**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (for example, recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year **u**

4 Number of states where property subject to conservation easement is located **u**

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year **u**

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year **u** \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

- a** ☐ Public exhibition **d** ☐ Loan or exchange program
b ☐ Scholarly research **e** ☐ Other

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

- c** Beginning balance
d Additions during the year
e Distributions during the year
f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐ Yes ☐ No

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment **u** %
b Permanent endowment **u** %
c Term endowment **u** %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** Unrelated organizations
(ii) Related organizations

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		30,209,862	640,796	29,569,066
c Leasehold improvements				
d Equipment		719,117	189,397	529,720
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) u				30,098,786

Part VII Investments – Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) u		

Part VIII Investments – Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) u		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) u	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Arvest Loan Principal	7,326,690
(3) Deferred Revenue . Gift Cards - Acco	8,161
(4) Coogan	484
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) u	7,335,335

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ☐

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	7,838,755
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	7,838,755
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	7,838,755

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	4,268,989
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	4,268,989
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	4
c	Add lines 4a and 4b	4c	4
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	4,268,993

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XI, Line 2d - Revenue Amounts Included in Financials - Other

Book/Tax Presentation Differences	\$	0
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Part XII, Line 2d - Expense Amounts Included in Financials - Other

Book/Tax Presentation Differences	\$	0
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Part XII, Line 4b - Expense Amounts Included on Return - Other

Book / Tax Depreciation Difference	\$	4
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Part XIII	Supplemental Information <i>(continued)</i>
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Schedule D (Form 990) 2020

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

U Attach to Form 990 or Form 990-EZ.

U Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020

Open to Public
Inspection

Employer identification number

20-1016258

Theatre Squared, Inc.

Part I Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		<u>Annual Gala</u> (event type)	<u>Season Kickoff</u> (event type)	<u>None</u> (total number)	
Revenue	1 Gross receipts	170,761	45,814		216,575
	2 Less: Contributions	125,565	29,774		155,339
	3 Gross income (line 1 minus line 2)	45,196	16,040		61,236
Direct Expenses	4 Cash prizes				
	5 Noncash prizes	6,700	5,950		12,650
	6 Rent/facility costs	19,852	2,375		22,227
	7 Food and beverages	14,202	644		14,846
	8 Entertainment	11,132	1,577		12,709
	9 Other direct expenses	31,236	12,468		43,704
	10 Direct expense summary. Add lines 4 through 9 in column (d)				106,136
	11 Net income summary. Subtract line 10 from line 3, column (d)				-44,900

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input type="checkbox"/> Yes % <input type="checkbox"/> No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)				
	8 Net gaming income summary. Subtract line 7 from line 1, column (d)				

9 Enter the state(s) in which the organization conducts gaming activities:

a Is the organization licensed to conduct gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain:

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain:

- 11 Does the organization conduct gaming activities with nonmembers? ☐ Yes ☐ No
- 12 Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No
- 13 Indicate the percentage of gaming activity conducted in:

a The organization's facility 13a %

b An outside facility 13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name u

Address u

- 15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No
- b If "Yes," enter the amount of gaming revenue received by the organization u \$ and the amount of gaming revenue retained by the third party u \$
- c If "Yes," enter name and address of the third party:

Name u

Address u

16 Gaming manager information:

Name u

Gaming manager compensation u \$

Description of services provided u

☐ Director/officer ☐ Employee ☐ Independent contractor

- 17 Mandatory distributions:
- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year u \$

Part IV

Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions.

SCHEDULE J
(Form 990)Department of the Treasury
Internal Revenue Service

Name of the organization

Compensation Information**For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****u Complete if the organization answered "Yes" on Form 990, Part IV, line 23.****u Attach to Form 990.****uGo to *www.irs.gov/Form990* for instructions and the latest information.**

OMB No. 1545-0047

2020**Open to Public Inspection****Theatre Squared, Inc.**

Employer identification number

20-1016258**Part I Questions Regarding Compensation****1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.☐ First-class or charter travel☐ Travel for companions☐ Tax indemnification and gross-up payments☐ Discretionary spending account☐ Housing allowance or residence for personal use☐ Payments for business use of personal residence☐ Health or social club dues or initiation fees☐ Personal services (such as maid, chauffeur, chef)**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?**3** Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.☐ Compensation committee☐ Independent compensation consultant☐ Form 990 of other organizations☐ Written employment contract☐ Compensation survey or study☐ Approval by the board or compensation committee**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:**a** Receive a severance payment or change-of-control payment?**b** Participate in or receive payment from a supplemental nonqualified retirement plan?**c** Participate in or receive payment from an equity-based compensation arrangement?

If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.**5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:**a** The organization?**b** Any related organization?

If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:**a** The organization?**b** Any related organization?

If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b**2****4a****4b****4c****5a****5b****6a****6b****7****8****9****X****X****X****X****X****X****X****X****X**

Schedule J (Form 990) 2020

Theatre Squared, Inc.**20-1016258**Page **2****Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Martin Miller Executive Director	(i)	173,492	0	0	0	0	173,492	0
	(ii)	0	0	0	0	0	0	0
2 Robert Ford Artistic Director	(i)	162,077	0	0	0	0	162,077	0
	(ii)	0	0	0	0	0	0	0
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.u Attach to Form 990 or 990-EZ.
u Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2020**Open to Public
Inspection**

Name of the organization

Theatre Squared, Inc.

Employer identification number

20-1016258**Form 990 - Organization's Mission or Most Significant Activities**

We believe that theatre—done well and with passion—can transform lives and communities.

At the theatre, in schools and online, we create remarkable performances; broaden access; foster empathy, equity and cohesion; and gather with one another around art, conversation, food and other shared experiences in a welcoming, inclusive space.

Form 990 - Organization's Mission

TheatreSquared is a cultural commons, a gathering place for all segments of our community to share intimate, exceptional arts experiences that activate our sense of a shared humanity. The company creates remarkable professional theatre; expands arts access among audiences and in schools; serves as a national center for the creation of new plays; and draws from diverse arts—culinary, film, music, visual, and more—to create a welcoming and vibrant shared community space.

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

Board members are provided a draft copy of the final version of the 990 to review and comment upon prior to filing of the return. The draft 990 is also reviewed by the Executive Director as well as a former CPA.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

Theatresquared's executive staff members - the Executive Director and Artistic Director - are subject to quarterly review by the Board Executive

Name of the organization

Theatre Squared, Inc.

Employer identification number

20-1016258

Committee, including an independent human resources and benefits attorney.

Comparable compensation and benefits within the industry are determined using annual reports from the Theatre Communications Group.

Form 990, Part VI, Line 15b - Compensation Process for Officers

Theatresquared's executive staff members - the Executive Director and Artistic Director - are subject to quarterly review by the Board Executive Committee, including an independent human resources and benefits attorney. Comparable compensation and benefits within the industry are determined using annual reports from the Theatre Communications Group.

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

All documents are made available upon request.

Form 990, Part XI, Line 9 - Other Changes in Net Assets Explanation

Book/Tax Presentation Differences	\$	0
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Book/Tax Presentation Differences	\$	0
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Book / Tax Depreciation Difference	\$	4
------------------------------------	----	---

Total	\$	4
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Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

u Attach to your tax return.

u Go to www.irs.gov/Form4562 for instructions and the latest information.

OMB No. 1545-0172

2020Attachment
Sequence No. **179**

Name(s) shown on return

Theatre Squared, Inc.

Identifying number

20-1016258

Business or activity to which this form relates

Indirect Depreciation**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	1,040,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,590,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2019 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2021. Add lines 9 and 10, less line 12	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	373,965

Part III MACRS Depreciation (Don't include listed property. See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2020	17	0
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input checked="" type="checkbox"/> u		

Section B—Assets Placed in Service During 2020 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2020 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 30-year			30 yrs.	MM	S/L	
d 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	373,965
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2020)

DAA

There are no amounts for Page 2

Federal Statements**Annual Gala****Gross receipts**

<u>Description</u>	<u>Amount</u>
Contributed Inc · Spec Events	\$ 31,300
Contributed Inc · Special Even	5,000
Contributed Inc · Spec Events	8,396
Contributed Inc · Special Even	500
Total	\$ <u>45,196</u>

Annual Gala**Cash contributions**

<u>Description</u>	<u>Amount</u>
Gross Receipts	\$
Contributed Inc · Spec Events	71,625
Contributed Inc · Spec Events	44,990
Contributed Inc · Spec Events	2,250
Total	\$ <u>118,865</u>

Federal Statements

Season Kickoff

Gross receipts

<u>Description</u>	<u>Amount</u>
Contributed Inc · Spec Events	\$ 16,040
Total	\$ 16,040

Season Kickoff

Cash contributions

<u>Description</u>	<u>Amount</u>
Contributions	\$
Contributed Inc · Spec Events	17,749
Contributed Inc · Spec Events	6,075
Total	\$ 23,824

Federal Statements**Cafe****Gross receipts**

<u>Description</u>	<u>Amount</u>
Earned Income - Other . Cafe .	\$ 14,025
Earned Income - Other . Cafe .	16,421
Earned Income - Other . Cafe .	31,914
Earned Income - Other . Cafe .	9,158
Earned Income - Other . Cafe .	4,873
Earned Income - Other . Café .	3,989
Total	\$ <u>80,380</u>

Cafe**Purchases**

<u>Description</u>	<u>Amount</u>
Community Experience . Cost of	\$ 15,918
Community Experience . Cost of	5,659
Community Experience . Cost of	23,589
Cafe & Events . Cost of Sales	-7,825
Total	\$ <u>37,341</u>

Cafe**Labor**

<u>Description</u>	<u>Amount</u>
Community Experience . Employee	\$ 101,260
Total	\$ <u>101,260</u>

Theatre Squared, Inc.
Fayetteville, Arkansas

Financial Statements
June 30, 2021 and 2020

THEATRE SQUARED, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Theatre Squared, Inc.
Fayetteville, Arkansas

We have audited the accompanying financial statements of Theatre Squared, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 Theatre Squared, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Porterfield & Company CPA, PLLC". The signature is written in a cursive, flowing style.

Porterfield & Company CPA, PLLC

Fayetteville, Arkansas
February 28, 2022

THEATRE SQUARED, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,516,166	\$ 3,054,350
Receivables, net	14,614	8,670
Promises to Give, current portion	1,648,634	2,739,907
Inventory	7,825	7,825
Prepaid Expenses	24,093	77,156
Security Deposits	956	850
Other Current Assets	293	348
Total Current Assets	<u>7,212,581</u>	<u>5,889,106</u>
Property and Equipment, at Cost		
Buildings	30,209,862	30,209,862
Furniture and Equipment	715,883	635,141
Vehicles	3,234	3,234
Construction in Process	8,062	-
Accumulated Depreciation	<u>(830,193)</u>	<u>(456,224)</u>
Net Property and Equipment	<u>30,106,848</u>	<u>30,392,013</u>
Long-Term Promises to Give, net	<u>3,153,199</u>	<u>2,484,737</u>
Total Assets	<u><u>\$ 40,472,628</u></u>	<u><u>\$ 38,765,856</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 79,064	\$ 27,248
Payroll Liabilities	11,426	7,112
Accrued Payroll	112,136	4,763
Accrued Interest Payable	17,799	27,270
Deferred Revenue	665,199	682,225
Total Current Liabilities	<u>885,624</u>	<u>748,618</u>
Long-Term Liabilities		
Notes Payable	<u>7,326,690</u>	<u>9,326,690</u>
Total Long-Term Liabilities	<u>7,326,690</u>	<u>9,326,690</u>
Total Liabilities	<u>8,212,314</u>	<u>10,075,308</u>
Net Assets		
Without Donor Restrictions	31,544,914	27,250,092
With Donor Restrictions	<u>715,400</u>	<u>1,440,456</u>
Total Net Assets	<u>32,260,314</u>	<u>28,690,548</u>
Total Liabilities and Net Assets	<u><u>\$ 40,472,628</u></u>	<u><u>\$ 38,765,856</u></u>

See notes to financial statements.

THEATRE SQUARED, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Ticket Sales	\$ 726,218	\$ -	\$ 726,218
Café Sales, net of Cost of Sales of \$46,096	34,285	-	34,285
Classes/Workshops Tuition	20,015	-	20,015
Contributions	2,229,305	5,000	2,234,305
Grants	4,221,979	712,900	4,934,879
Special Events	68,231	-	68,231
In-kind Contributions	102,043	-	102,043
Building Rentals	7,095	-	7,095
Other Revenue	23,241	-	23,241
Net Assets Released from Restrictions:			
Restrictions Satisfied by Purpose	1,442,956	(1,442,956)	-
Total Revenue and Other Support	<u>8,875,368</u>	<u>(725,056)</u>	<u>8,150,312</u>
Expenses			
Program Services	3,711,275	-	3,711,275
Total Program Services Expense	<u>3,711,275</u>	<u>-</u>	<u>3,711,275</u>
Supporting Services Expense			
Management and General	517,071	-	517,071
Fundraising	352,201	-	352,201
Total Supporting Services Expense	<u>869,271</u>	<u>-</u>	<u>869,271</u>
Total Expenses	<u>4,580,546</u>	<u>-</u>	<u>4,580,546</u>
Increase (Decrease) in Net Assets	4,294,822	(725,056)	3,569,766
Net Assets , Beginning of Year	<u>27,250,092</u>	<u>1,440,456</u>	<u>28,690,548</u>
Net Assets , End of Year	<u>\$ 31,544,914</u>	<u>\$ 715,400</u>	<u>\$ 32,260,314</u>

See notes to financial statements.

THEATRE SQUARED, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Ticket Sales	\$ 906,697	\$ -	\$ 906,697
Café Sales, net of Cost of Sales of \$88,054	131,168	-	131,168
Classes/Workshops Tuition	20,435	-	20,435
Contributions	1,180,646	5,000	1,185,646
Grants	4,566,485	1,489,564	6,056,049
Special Events	91,390	-	91,390
In-kind Contributions	179,342	-	179,342
Building Rentals	65,880	-	65,880
Other Revenue	31,526	-	31,526
Net Assets Released from Restrictions:			
Restrictions Satisfied by Purpose	162,118	(162,118)	-
Total Revenue and Other Support	<u>7,335,687</u>	<u>1,332,446</u>	<u>8,668,133</u>
Expenses			
Program Services	3,306,781	-	3,306,781
Total Program Services Expense	<u>3,306,781</u>	<u>-</u>	<u>3,306,781</u>
Supporting Services Expense			
Management and General	591,719	-	591,719
Fundraising	373,347	-	373,347
Total Supporting Services Expense	<u>965,066</u>	<u>-</u>	<u>965,066</u>
Total Expenses	<u>4,271,847</u>	<u>-</u>	<u>4,271,847</u>
Increase (Decrease) in Net Assets	3,063,840	1,332,446	4,396,286
Net Assets, Beginning of Year	<u>24,186,252</u>	<u>108,010</u>	<u>24,294,262</u>
Net Assets, End of Year	<u><u>\$ 27,250,092</u></u>	<u><u>\$ 1,440,456</u></u>	<u><u>\$ 28,690,548</u></u>

See notes to financial statements.

THEATRE SQUARED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Functional Expenses				
Advertising and Promotion	\$ 97,692	\$ -	\$ 17,014	\$ 114,706
Bank and Credit Card Fees	24,032	1,293	12,231	\$ 37,556
Contract Services	346,793	24,474	8,237	\$ 379,504
Depreciation	287,812	70,175	15,982	\$ 373,969
Other Employee Benefits	135,782	32,188	827	\$ 168,797
Information Technology	4,625	12,202	-	\$ 16,826
In-Kind Expenses	86,181	1,713	14,482	\$ 102,375
Insurance	55,652	2,451	577	\$ 58,680
Interest Expense	202,991	-	-	\$ 202,991
Loss on Disposal of Assets	-	-	-	\$ -
Occupancy	20,703	-	5,919	\$ 26,622
Office Expenses	16,392	10,505	1,030	\$ 27,927
Payroll Taxes	130,755	22,120	13,738	\$ 166,613
Production Materials and Supplies	195,449	192	64,067	\$ 259,708
Professional Development	1,939	789	2,140	\$ 4,867
Professional Dues	-	378	-	\$ 378
Professional Services	925	9,483	-	\$ 10,408
Repairs and Maintenance	85,769	-	1,880	\$ 87,649
Royalties	44,059	-	-	\$ 44,059
Salaries and Wages	1,736,082	324,274	189,894	\$ 2,250,250
Telephone	20,942	203	-	\$ 21,145
Travel	78,873	4,632	4,183	\$ 87,688
Utilities	137,826	-	-	\$ 137,826
Total Functional Expenses	\$ 3,711,275	\$ 517,071	\$ 352,201	\$ 4,580,546

See notes to financial statements.

THEATRE SQUARED, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 3,569,766	\$ 4,396,286
Noncash Items:		
Depreciation	373,969	359,219
Loss on Disposal of Assets	-	503
Changes in Assets and Liabilities:		
Receivables	(5,944)	4,579
Promises To Give	422,811	8,941
Inventory	-	(7,825)
Prepaid Expenses	53,063	(35,229)
Security Deposits	(106)	(250)
Other Current Assets	55	(348)
Accounts Payable	51,816	(15,077)
Payroll Liabilities	4,314	(89)
Accrued Payroll	107,373	(30,540)
Accrued Interest Payable	(9,471)	(2,765)
Deferred Revenue	(17,026)	192,125
Net Cash Provided by (Used in) Operating Activities	<u>4,550,620</u>	<u>4,869,530</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(88,804)	(1,371,189)
Net Cash Provided by (Used in) Investing Activities	<u>(88,804)</u>	<u>(1,371,189)</u>
Cash Flows from Financing Activities		
Proceeds from Debt	-	-
Payments of Debt	(2,000,000)	(3,209,518)
Net Cash Provided by (Used in) Financing Activities	<u>(2,000,000)</u>	<u>(3,209,518)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	2,461,816	288,823
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>3,054,350</u>	<u>2,765,527</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 5,516,166</u></u>	<u><u>\$ 3,054,350</u></u>

RECONCILIATION TO THE STATEMENT OF FINANCIAL POSITION

Cash and Cash Equivalents	\$ 5,516,166	\$ 3,054,350
Restricted Cash	-	-
Total Cash, Cash Equivalents and Restricted Cash	<u><u>\$ 5,516,166</u></u>	<u><u>\$ 3,054,350</u></u>

SUPPLEMENTAL DISCLOSURES

Cash Paid for Interest	<u><u>\$ 212,462</u></u>	<u><u>\$ 266,878</u></u>
Noncash Property Donations	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Theatre Squared, Inc. (the Organization), a nonprofit, charitable organization formed in May 2005, is Northwest Arkansas's leading professional theatre. The Organization's performances anchor a gathering place for all segments of the community to share intimate, exceptional arts experiences that activate and deepen a sense of shared humanity. The Organization creates remarkable professional theatre; expands arts access among audiences and in schools; welcomes community members to share in events, meals, and conversations in its architecturally distinctive home; and serves as a national center for the creation of new plays.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with a maturity date of not more than 90 days. The Organization had no cash equivalents at June 30, 2021 and 2020.

Receivables

Receivables consist of primarily of amounts due for contributions and grants. The Organization determines the allowance for uncollectible accounts based on historical experience and management's analysis of the account. Receivables are written off when deemed uncollectible. Management has determined that all accounts are collectible; accordingly, no allowance for doubtful accounts is reflected in the financial statements.

Contributions, Grants, and Bequests Receivable

Pledges, or promises to give, are recognized at fair market value as revenues in the period in which there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional pledges are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience and management's analysis of the account. Promises to give are written off when deemed uncollectible. At June 30, 2021 and 2020, the allowance was \$43,366 and \$25,206, respectively.

Inventories

The Organization maintains an inventory of food, beverages and other restaurant related products. Inventory is valued at the lower of cost or net realizable value. Costs are determined on a first-in, first-out basis.

Donated Capital Assets

Donations of property and equipment, if material, are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Property and Equipment

Property and equipment are recorded at cost for property and equipment purchased, and if donated, the estimated fair market value at date of donation. Property and equipment is capitalized and depreciated using the straight-line method over the estimated useful lives, which range from 3 to 98 years. It is the Organization's policy to capitalize all asset purchases greater than \$2,000 with a life expectancy of more than one year. Maintenance and repairs are charged to expense as incurred; major improvements, which extend or improve the life of an asset, are capitalized.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Compensated Absences

Accrued vacation and sick time does not carryover to subsequent years. Therefore, no compensated absences are payable at June 30, 2021 and 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The Organization derives its revenues primarily from the sale of tickets and related performance fees as well as receiving contributions from the general public, governmental agencies, foundations, and other organizations.

Ticket Sales

The Organization recognizes revenue from the sale of theatre tickets at the time of the performance or admission. Ticket sales also includes revenues for parking passes, performance fees, and box office facility and processing fees. Ticket sales and other performance fees are recognized as increases in net assets without donor restrictions when earned. Ticket sales in advance of performances are recorded as deferred revenue.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Café Sales

The Organization recognizes revenue from the sale of food and inventory items at the point of sale, net of cost of goods sold and sales tax. Café sales include revenues for the sale of food, coffee, alcohol, beer, wine, and mixed drinks. These goods and services are purchased independently at standalone selling prices and are considered separate performance obligations, which are satisfied when the related goods and services are provided to the customer. Revenue is recognized when the goods and services have been delivered or rendered. Payment terms typically align with when the goods and services are provided.

Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Grants

The Organization recognizes grant income received from foundations, corporations, and governmental entities. A grant may be entirely an exchange transaction, entirely a contribution, or a combination of the two. Government grants are recorded as revenues in the period the Organization meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the contracts. To the extent amounts received exceed amounts spent, the Organization records the excess as advances from the government.

The Organization's grants are generally awarded for the benefit of the general public. Resource providers typically do not receive commensurate value for an exchange transaction. The Organization recognizes this revenue as contributions at fair value in the period received.

Special Events

The Organization recognizes revenue from fundraising and special events. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

In-kind Contributions

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. The value of items sold for fundraising purposes are revalued based on actual proceeds of the sale as of the date of sale.

Building Rentals

The Organization recognizes revenue from building rentals. The Organization offers customers the opportunity to rent the facility for events and private functions. Building rentals are recognized when the performance obligation of providing space for the event is satisfied.

Classes/Workshops Tuition and Other Revenue

Revenues without donor restrictions are also obtained from classes/workshop tuition, education income, credit card rewards, and interest income. These revenues are recorded when the service is provided. Educational program fees are recorded as revenues on the date the program occurs. Educational program revenues and other fees received in advance of their usage are classified as deferred program revenue in the statements of financial position.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Taxes and fees collected on behalf of governmental agencies

The Organization is required to collect certain taxes and fees from customers on behalf of governmental agencies and remit these back to the applicable governmental agencies on a periodic basis. The Organization has a legal obligation to act as a collection agent. The Organization does not retain these taxes and fees and, therefore, they are not included in the measurement of transaction prices. The Organization has elected to present revenue net of sales taxes and other similar taxes. The Organization records a liability when the amounts are collected and relieve the liability when payments are made to the applicable taxing authority or other appropriate governmental agency.

Recently Adopted Account Pronouncements

The Organization has adopted Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) during 2020.

The Organization has adopted Accounting Standards Update No. 2014-09—*Revenue from Contracts with Customers* (Topic 606), as amended.

Management believes the standards improve the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

Donated Services

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. Unpaid volunteers have made significant contributions of their time to the Organization's programs. The value of these contributions is not included in the financial statements because the volunteers' time does not meet the criteria for recognition under generally accepted accounting principles.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$114,706 and \$123,523, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation is allocated on the use of the assets, with all other allocated expenses being allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and a similar section of Arkansas statutes. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's income tax return (Form 990) is subject to examination by the IRS, generally for three years after it is filed.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Use of Estimates

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020:

	2021	2020
Within one year	\$ 1,648,634	\$ 2,739,907
In one to five years	1,501,916	1,694,273
Over five years	<u>2,150,000</u>	<u>1,325,000</u>
Total Promises to Give	5,300,550	5,759,180
Less: discount to net present value at rates ranging from 2.96% to 4.70%	(455,351)	(509,330)
Less: allowance for uncollectible promises to give	<u>(43,366)</u>	<u>(25,206)</u>
Net Unconditional Promises to Give	<u>\$ 4,801,833</u>	<u>\$ 5,224,644</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

Property and Equipment	Balance 06/30/20	Additions (Provision)	Disposals/ Transfers	Balance 06/30/21
Buildings	\$ 30,209,862	\$ -	\$ -	\$ 30,209,862
Furniture and Equipment	635,141	80,742	-	715,883
Vehicles	3,234	-	-	3,234
Construction in Progress	-	8,062	-	8,062
Total	30,756,879	88,804	-	30,937,041
Accumulated Depreciation	(456,224)	(373,969)	-	(830,193)
Net Property and Equipment	<u>\$ 30,392,013</u>	<u>\$ (285,165)</u>	<u>\$ -</u>	<u>\$ 30,106,848</u>

Property and Equipment	Balance 06/30/19	Additions (Provision)	Disposals/ Transfers	Balance 06/30/20
Buildings	\$ 29,971,246	\$ 6,089	\$ 232,527	\$ 30,209,862
Furniture and Equipment	513,662	94,590	26,889	635,141
Vehicles	3,234	-	-	3,234
Construction in Progress	268,737	-	(268,737)	-
Total	30,756,879	100,679	(9,321)	30,848,237
Accumulated Depreciation	(105,823)	(359,219)	8,818	(456,224)
Net Property and Equipment	<u>\$ 30,651,056</u>	<u>\$ (258,540)</u>	<u>\$ (503)</u>	<u>\$ 30,392,013</u>

Depreciation expense was \$373,969 and \$359,219 for the years ended June 30, 2021 and 2020, respectively.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 - NOTES PAYABLE

The Organization entered into a loan with Arvest Bank for the construction of the facility with an available limit of \$18,500,000. The loan is for a 60 month period and carries an interest rate of 3.75%. Effective July 2018 through June 2022, the Organization is required to make monthly interest only payments. Management plans to continue making principal payments as designated pledges are collected, even though no payments are required until the loan converts to a term loan. The balance outstanding as of June 30, 2021 and 2020 was \$7,326,690 and \$9,236,690, respectively.

Commencing July 2022, the principal balance of \$5,000,000 will convert to a term loan. The Organization will be required to make monthly payments of principal in amounts ranging from \$9,600 to \$28,000 plus interest at 4.097%. The loan matures on June 15, 2047. The loan is collateralized by the building.

Future principal payments on the loan payable are as follows at June 30:

2022	\$ 2,326,690
2023	115,200
2024	120,000
2025	126,000
2026	130,800
Thereafter	<u>4,508,000</u>
Total	<u>\$ 7,326,690</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

During 2021 and 2020, the Organization received loans from Arvest Bank in the amount of \$456,307 and \$456,300 respectively, under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans are subject to notes dated April 1, 2021 and April 10, 2020, respectively. The loans bear interest at a rate of 1% and are payable in monthly installments of principal and interest over 24 months beginning 7 months from the date of the note.

Funds from the loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before June 4, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization used the entire loan amounts for qualifying expenses during the specified timeframe and the entirety of both loans were officially forgiven in 2021 and is included in the Net Assets Released from Restrictions.

Management determined that, in accordance with ASU No. 2018-08 Not-for-Profit Entities: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), the Organization met the conditions of the loan forgiveness by incurring the eligible expenses in the specified timeframe. Therefore, the Organization recognized the PPP loan forgiveness as contribution revenue on the statement of activities and changes in net assets. The related expenses were also recorded on the statement of activities and changes in net assets.

NOTE 6 - LEASES

The Organization leases land from the City of Fayetteville. Through this lease agreement, the Organization is not required to pay rent to the City for the use of the land. The lease was executed in June 2016 and the initial term of the lease is 25 years commencing upon execution of the lease and approval of the Organization's development which was met during fiscal year 2017. The agreement has the option to be renewed an additional term of 25 years, unless either party gives written notice of termination to the other party at least six months prior to the expiration of the lease agreement. Total estimated benefit to the Organization is currently undeterminable and, therefore, has not been recorded in the accompanying statements of activities and changes in net assets.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Specific purpose:		
Outreach, education and activities	\$ 715,400	\$ 984,156
PPP loan	<u>-</u>	<u>456,300</u>
Total net assets with donor restrictions	<u>\$ 715,400</u>	<u>\$ 1,440,456</u>

NOTE 8 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in the contract liabilities related to ticket sales and fees, gift cards, building rentals, and education income for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of year	\$ 682,225	\$ 490,100
Revenue recognized that was included in deferred revenue at the beginning of year	(682,225)	(490,100)
Increase in deferred revenue due to cash received during the period	<u>665,199</u>	<u>682,225</u>
Deferred revenue, end of year	<u>\$ 665,199</u>	<u>\$ 682,225</u>

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization has a retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan is available to all full-time employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization does not make matching contributions, but does pay the administrative fees. For the years ended June 30, 2021 and 2020, the Organization paid administrative fees of \$2,072 and \$1,520, respectively.

NOTE 10 - DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received donated professional services and materials as follows during the year ended June 30, 2021:

<u>2021</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising & Development</u>	<u>Total</u>
Advertising	\$ 53,550	\$ -	\$ -	\$ 53,550
Contract Services	25,900	1,713	2,000	29,613
Production Materials	4,730	12,150	-	16,880
Travel	2,000	-	-	2,000
 Total Expenses	 <u>\$ 86,180</u>	 <u>\$ 13,863</u>	 <u>\$ 2,000</u>	 <u>\$ 102,043</u>

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 - CONCENTRATIONS AND CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents and receivables.

The Organization has a long-standing history of collecting its pledges and contributions receivable, which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the financial statements for any amounts considered uncollectible. This limits the Organization's exposure to credit risk.

The Organization received approximately 61% and 69% of its total support and revenue from three donors during the years ended June 30, 2021 and 2020, respectively. At June 30, 2021, 70% of the total promises to give was from three donors. At June 30, 2020, 70% of the total promises to give was from two donors.

The Organization operates in Northwest Arkansas. Although the economy is diversified, all future revenues are associated within this geographic area.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020 that are available to meet general expenditures within one year of the statement of financial position date; that is, amounts that are without donor restrictions or board designations limiting their use.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 5,516,166	\$ 3,054,350
Restricted Cash and Cash Equivalents	-	-
Receivables, net	15,570	8,670
Promises to Give, net	<u>4,801,833</u>	<u>5,224,644</u>
Total Financial Assets	10,333,569	8,287,664
Promises to Give Due Beyond One Year	<u>(3,651,916)</u>	<u>(2,484,737)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,681,653</u>	<u>\$ 5,802,927</u>

As part of the Organization's strategy, management structures its financial assets, consisting of cash and cash equivalents and its receivables to be available for its general expenditures and liabilities coming due within one year.

THEATRE SQUARED, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may permanently impact the Organization's financial condition or results of operations is uncertain.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2022, the date at which the financial statements were available to be issued.