

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

Annual Report

Fiscal Year 6/1/2018 - 5/31/2019

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2019**

Operations and Accomplishments

On November 29, 2018, the TSC held a meeting of directors. This meeting focused on business matters including the new procurement policy reflecting language required by the Executive Order in support of Women and Minority Owned Businesses. A vote was made in support of the new policy. It was also noted that Round 6 of the grant program was in progress. The usual business of adopting the financial documents and assessing performance standards was conducted.

Project Summary

All grants are discussed in detail in the organization's Annual Performance Measurement Report.

THEATER SUBDISTRICT COUNCIL, LDC Performance Measurement Report

I. How efficiently or effectively has TSC been in making grants which serve to enhance the long-term viability of Broadway through the production of plays and small musicals?

The TSC awards grants, among other purposes, to facilitate the production of plays and musicals. Awards have been made in previous years that have or are expected to result in the production of plays or musicals, have been awarded to the following organizations:

- **Classical Theatre of Harlem** \$100,000 (2009)

Evaluation: A TSC grant enabled the Classical Theatre of Harlem to produce *Archbishop Supreme Tartuffe* at the Harold Clurman Theatre on Theatre Row in Summer 2009. This critically acclaimed reworking of Moliere's *Tartuffe* directed by Alfred Preisser and featuring Andre DeShields was an audience success. The play was part of the theater's Project Classics initiative, designed to bring theater to an underserved and under-represented segment of the community. Marketing efforts successfully targeted audiences from north of 116th Street through deep discounts and other ticket offers.

- **Fractured Atlas** \$200,000 (2010)

Evaluation: Fractured Atlas used TSC support for a three-part program to improve the efficiency of rehearsal and performance space options, gather useful workspace data, and increase the availability of affordable workspace for performing arts groups in the five boroughs. Software designers created a space reservation calendar and rental engine; software for an enhanced data-reporting template was written, and strategies to increase the use of nontraditional spaces for rehearsal and performance were developed.

- **Lark Play Development Center** \$160,000 (2010)

Evaluation: Lark selected four New York playwrights from diverse backgrounds to participate in a new fellowship program: Joshua Allen, Thomas Bradshaw, Bekah Brunstetter, and Andrea Thome. The writers received financial stipends and several workshop opportunities for their plays. Other strategies were identified to develop their work, including pairing each playwright with a theater leader who served as a "producer advocate" and securing production commitments for their plays.

- **Lark Play Development Center** \$140,000 (2012)

Evaluation: The 2012 TSC grant enabled the Lark to pilot a fellowship portfolio that supported four playwrights by providing financial flexibility, strategic career support and creative opportunity at transformative moments in their careers. Each of the four fellowships provided varying kinds and levels of support (including a significant living stipend) and a custom-designed program of artistic support (including play development resources, staff time, travel and opportunity funds, and production incentives. Playwright fellows were Jackie Sibblies Drury, Dominique Morrisseau, Kimber Lee and Rogelio Martinez. The Lark's fellowship portfolio comprised of four major fellowship tracks is now securely in place.

• **Lincoln Center Theater** \$200,000 (2010)

Evaluation: With TSC support, Lincoln Center Theater produced four world premieres in its LCT3 series at the Duke on 42nd Street: *The Coward* by Nick Jones, *When I Come to Die* by Nathan Jackson, *4000 Miles* by Amy Herzog, and *All-American* by Julia Brownell. With all tickets priced at \$20, marketing was targeted to younger and ethnically diverse audiences through online and social media campaigns.

• **National Music Theatre Network** \$160,000(2012)

Evaluation: The National Music Theatre Network was able to centralize, augment and revitalize its flagship program – the New York Musical Theatre Festival – with its TSC support. By moving the Festival schedule from fall to summer; utilizing more prominent and better-equipped theaters in a tighter footprint centered around W. 42nd St.; creating a NYMF Hub that served as a full-time box office, information center, social meeting place for artists and industry members, and site for free performances and educational events; and undertaking additional marketing activity to raise the Festival’s visibility and engage the summer tourist market; NYMF successfully rebranded itself as a summertime event and provided enhanced services to audiences, theater artists and the theater industry.

• **New Dramatists** \$150,000 (2009)

Evaluation: New Dramatists launched Full Stage NYC, a program that enabled three playwrights to forge partnerships with three producing theaters to develop new work in a mutually beneficial environment, with the playwrights receiving commissions and the theaters receiving production grants. A series of workshops and other developmental opportunities led to Jordan Harrison’s *Futura* (a model for a co-premiere at NAATCO and two theaters outside of New York), Daniel Alexander Jones’ *Jomama Jones’ RADIATE* at Soho Rep (the partners on this project are coordinating a subsequent national tour that will begin later in 2011), and Sylvan Oswald’s *Nightlands*, which will be produced by New Georges next year. TSC funding of this program was leveraged to secure major funding from other sources to expand the program nationally as Full Stage USA.

• **New Dramatists** \$150,000 (2012)

Evaluation: The TSC supported extended workshop time for writers and teams of collaborators to encourage artistic exploration and creative risks under the New Dramatists More Time/More Plays NYC initiative. 30 Creativity Fund workshops were undertaken (a 15% increase over the goal) utilizing 36 resident writers and composers and an additional 219 theatre artists. Five New Dramatist writers entered a two-week retreat, supported by 5 selected collaborators and a 26-member acting company. Finally, the 50-member resident writing company launched a major new endeavor: a paperless admissions process that increased access for applicants and streamlined the selection process. 55% of the resident writers are women and 36% are of a non-white ethnic origin.

• **Pregones Touring Puerto Rican Theatre Collection** \$500,000 (2014)

Evaluation: The 2014 three-year grant for PLATAFORMA – a new performing arts producing, presenting and commissioning initiative that will bring new works to Pregones/PRTT’s venues in the Theater Subdistrict and in The Bronx – is currently in progress.

• **Roundabout Theatre** \$100,000 (2009)

Evaluation: Roundabout Theatre was able to add a second production to its Roundabout

Underground program with the assistance of the TSC. In addition to producing Adam Gwon's musical *Ordinary Days* and Kim Rosenstock's *Tigers Be Still*, the theater increased marketing efforts for the productions, maintained a \$20 ticket price, awarded five commissions to emerging playwrights and conducted twelve readings and workshops of new work. Roundabout used the TSC grant as a matching grant, raising additional private funds to expand the initiative.

- **Signature Theatre**

\$150,000 (2010); \$150,000 (2012)

Evaluation: Signature Theatre designed the Residency Five program to support playwrights over a period of five years as they build their body of work. Accommodating up to seven writers at a time as playwrights join and leave the residency at the times that best complement their artistic lives, the initiative includes writers at different stages in their careers and guarantees each one three full productions as well as a financial stipend, health benefits, travel and housing, and a theatre ticket stipend. The first writers to join the residency are Annie Baker, Will Eno, Katori Hall, Kenneth Lonergan, and Regina Taylor. Katori Hall's *Hurt Village* was an inaugural production in the new Pershing Square Signature Center. 2012 Residency Five productions included *Title and Deed* by Will Eno and Kenneth Lonergan's *Medieval Play*, with readings for Regina Taylor's stop. *reset* that is scheduled for production in August 2013, *Our Lady of Kibeho* by Katori Hall and Will Eno's newest play. Two new playwrights joined the program: Martha Clarke, whose first Residency Five production *Cheri* was developed in spring 2013; and Branden Jacobs-Jenkins.

The grant program is operating in furtherance of the TSC's mission and has been effective in developing new plays and small musicals.

More recently, the TSC has funded Round V (2016-2017) and Round VI (2017-2019) that includes over \$3 million in grant funding to programs that support increased training and access to the professional theater community. These programs currently funded include:

- **Brooklyn Academy of Music - BAM Apprentices in Stagecraft (BAS) program** (\$227K Round V; \$121.8K Round VI): BAS will engage individuals from underrepresented communities in rigorous stagehand and production training, teaching them new skills through hands-on work experience. BAS will connect these participants to new networks, giving them recognized credentials in the field of theater production and placing them on a secure career path.
- **BRIC – Downtown Brooklyn Arts Management Fellowship** (\$200K Round V; \$102K Round VI): A comprehensive professional training program to give young people from underrepresented communities an opportunity to develop practical skills, leadership, and professional networks needed for a successful career in theater and arts administration. Fellows will spend a year working with and receiving mentorship from staff at a consortium of organizations in Downtown Brooklyn: BRIC, Theatre for a New Audience, the Museum of Contemporary African Diasporan Arts (MoCADA), and Mark Morris Dance Group.
- **Epic Theater Ensemble – Expanding Epic NEXT Arts Leadership Initiative** (\$175K Round V; \$95K Round VI): A rigorous mentorship program that identifies and develops future leaders in theater from traditionally underrepresented communities in New York City. Epic NEXT is a comprehensive approach to youth development through theater, pairing participants with professional mentors, providing opportunities for participants to become future artistic and managerial leaders in the cultural community.

- **Harlem Stage – Administrative Fellowship Program** (\$200K Round V; \$82.2K Round VI): Harlem Stage’s administrative fellowship program will provide meaningful opportunities for professional development, including full-time on-the-job training, mentorship, and networking opportunities. Fellows will work alongside a passionate and diverse team of arts administrators to support and create new opportunities for artists and communities of color in the performing arts.
- **Manhattan Theatre Club (MTC) – Early Career Training Program** (\$175K Round V; \$102K Round VI): MTC will use TSC funding to increase diversity among participants in its internship and fellowship programs, which serve as pipelines for developing future staff for MTC and across the theater community.
- **New 42nd Street – The New 42 Fellowship Program** (\$225K Round V; \$82.3K Round VI payment 1): A yearlong immersion in the inner workings of The New 42nd Street/New Victory Theater, The New 42 Fellowship Program will provide participants who have graduated The New Victory Theater’s popular Usher Corps who are recent or soon-to-be college graduates with the skills, resources, and experience needed to transition into full time employment within the theater industry.
- **New York Theatre Workshop – 2050 Administrative Fellows Program** (\$250K Round V; \$125K Round VI): A professional development program designed to provide first rate instruction and mentorship to young theater professionals, NYTW’s Administrative Fellows Program will expand the existing 2050 Artistic Fellows Program to include people from underrepresented communities who are seeking careers in arts administration.
- **Roundabout Theatre Company – Theatrical Workforce Development Program (TWDP)**(\$250K Round V; \$161.3K Round VI): Roundabout’s TWDP will, in partnership with the International Alliance of Theatrical Stage Employees (IATSE) union, bridge the gap between existing development initiatives for young adults and entry-level jobs in the professional technical theater industry.
- **Teatro SEA – Technical Training Program** (\$200K Round V; \$100K Round VI): Teatro SEA’s training program will provide participants with the skills necessary to pursue a career in technical theater by offering the theater’s technical personnel both classroom-based and on-the-job training so they can continue to grow their careers at Teatro SEA and in the larger theater community with these in-demand skills.
- **Theater Breaking Through Barriers (TBTB) – Theater Management Apprenticeship Program** (\$80K Round V; \$60K Round VI): TBTB’s apprenticeship program will train disabled artists to become arts administrators, providing a path to long term employment in the field of theater.
- **Theatre Development Fund (TDF) – TKTS Apprenticeship Program** (\$250K Round V; \$68.4K Round VI): Participants in TDF’s apprenticeship program will work in the iconic TKTS booth in Times Square as an access point to employment on Broadway for underrepresented communities. Participants will receive hands on training in theater box office management.

II. How efficiently or effectively has the TSC been in making grants which serve to develop new audiences for theatrical productions?

The TSC awards grants, among other purposes, designed to develop new audiences for theatrical productions. The approximately \$3.45 million in grants awarded for programs, which have or are expected to result in the development of new audiences for theatrical productions have been awarded to the following organizations:

- **Alliance for Inclusion in the Arts** \$240,000 (2010)
Evaluation: TSC funding is underwriting I-Caption and D-Scriptive services at four Broadway shows to make theater more accessible to people with disabilities. Consultants from the hearing, vision and mobility impaired communities worked with technical staff to develop software and operating systems for *Catch Me If You Can* and *The Book of Mormon*, with *The Lion King* and *Newsies* following. In addition to the technical services and press coverage announcing the program, websites for each show feature accessibility information, and theater signage utilizes universal disability icons.
- **Apollo Theater** \$150,000 (2010); \$200,000 (2012)
Evaluation: The Apollo launched its Apollo Uptown/Broadway Connection to deepen its relationship with Broadway theater, forging partnerships with producers and theater organizations to implement audience development strategies through cross-promotional campaigns, programming partnerships, and other activities. The first Broadway-themed Amateur Night was held in March 2011 and will become an annual event, while two presentations at the Lincoln Center Atrium transported elements of Amateur Night downtown. Ongoing marketing and cross-promotion for Apollo events and Broadway shows were established. The 2012 Broadway-themed Amateur Night matched the success of the pilot presentation, while a Broadway career panel, Broadway Music Café cabaret program, special performance by Broadway legend Leslie Uggams, and other activities rounded out the 2012 program. Marketing and cross-promotion initiatives with Broadway productions and an extensive marketing and programming partnership with the Broadway Show *Porgy and Bess* completed the collaborative aspect of the Apollo Uptown/Broadway Connection.
- **ART/NY** \$150,000 (2009)
Evaluation: A.R.T./NY's New York Theatre Network is a new marketing and audience development tool designed to deepen the relationship between theater enthusiasts and theater companies by providing a website combining marketing and social networking. Launched in Fall 2010 with a TSC grant, the network is the product of a collaboration between TheaterMania and A.R.T./New York. The website enables member theaters to post information about their organizations, productions, and other events in a myriad of ways -- listings, blog posts, videos, photographs, Twitter and Facebook links -- with links to sales engines for ticket purchasing. The development of the website was augmented by a series of workshops and roundtables to educate member theaters on the capabilities of the website specifically, as well as the capabilities of social networking.
- **Atlantic Theater Company** \$105,000 (2010); \$99,644 (2012)
Evaluation: With TSC's support, the Atlantic launched an intensive partnership with Park Slope Collegiate (a public high school in Brooklyn), providing the entire 11th grade with a semester of curriculum-integrated theater classes culminating in a public performance of the students' own writing. A smaller number of students were selected to participate in a 10-week program on-site at the Atlantic the following year, working with mentors who provided hands-on experience in multiple spheres of theater production. This group formed their own theater company, performing their student-written play at Atlantic's 99-seat Stage 2 theater. The 2012

grant provided support to expand the Staging Success initiative to include each of Park Slope Collegiate's 300 high school students, launching in-school workshops for all 9th and 10th graders, and continuing the 11th grade in-school program and after-school mentorship for seniors. Performances capped the workshops and mentorship program. Reaching even further into the school's community, Atlantic hosted a professional development workshop for the school's teachers with the theater's teaching artists and will program additional professional development training sessions in the future.

- **Broadway League** \$50,000 (2009); \$50,000 (2010)
Evaluation: Thanks to TSC funds, the Broadway League's Family First Nights program grew to include more than 100 families in the 2009-10 season (415 individual participants) and 300 families the following year (875 individuals) from all five boroughs. By encouraging family attendance, the program aims to foster theatergoing at an early age and create lifelong theatergoers. Through partnerships with local social service agencies, the League identified families that were invited to attend three Broadway productions including *In the Heights*, *Memphis*, *The Phantom of the Opera*, *Shrek*, *Billy Elliot*, *Sister Act*, and *The Addams Family* for \$5 per ticket (decreased from \$10 per ticket the first year) for orchestra or front mezzanine seats. All participants received study guides and other related materials in advance of each theater outing and met with cast members after each show.
- **Fund for Public Schools** \$123,000 (2009)
Evaluation: The Fund for Public Schools used its TSC grant to enhance the theater and performing arts programs at four high-needs NYC public schools over the course of the 2009-10 school year. The schools worked with a professional theater consultant to determine their needs for upgrading their theater spaces; enhanced lighting, sound, drapes and choral risers were procured and installed; and rehearsal cubes were purchased for all schools in the Arts SPACE project. In addition to the physical transformation of theater spaces, the schools also participated in enrichment and training programs with outside theater professionals that served to increase student and teacher exposure to theater arts, participated in the Shubert/MTI Broadway Juniors program, and attended Memphis.
- **Learning Through an Expanded Arts Program (LeAp)** \$110,000 (2012)
Evaluation: This TSC grant supported two years of in-class education in 10 public middle and high schools in NYC with student populations that are at least 65% Title 1 eligible and are either designated performing arts high schools or have theatre teachers and performing arts programs. Each year, 15-week playwriting curriculum taught by a LeAp teaching artist culminated in the selection of one short student-written play per school selected for full production on a professional stage. (Other plays selected per school were presented for the school community.) Students auditioned for, assistant directed and stage managed, the final production, working with theatre professionals, as well as directed the in-school presentations. The 10 professional produced were published each year by Samuel French, which helped students through the copyright process.
- **Manhattan Class Company** \$90,000 (2012)
Evaluation: With support from the TSC, MCC was able to expand its youth theatre company activities in anticipation of its upcoming move to a new theatre complex. Surpassing its goal, more than 80 students from more than 30 schools throughout the city's five boroughs participated in flagship acting and playwriting labs within the Theater Subdistrict as well as a new satellite lab program in Washington Heights. Youth company activities included a weekly acting and playwriting program led by teaching artists, master classes by visiting artists, college and career meetings, attendance at arts conferences, a summer play festival for the playwriting

students, and two weeks of final acting student performances on a professional stage on Theatre Row.

- **New 42nd Street** \$150,000 (2009); \$200,000 (2010)
Evaluation: The New 42nd Street established a new audience development program, Bring Your Family to the New Vic, for family theater attendance. This program encouraged students at ten Title 1 schools during the 2010-11 school year and 19 Title 1 schools in 2011-12 (serving low-income families) to bring their family members to see a show at the New Vic. Reaching out directly to families at site visits to the schools with informational materials translated into Russian, Chinese, Spanish, Arabic and Urdu, the New Vic offered \$5 tickets and pre-show special events for attendees. Additionally, the New Vic used TSC funds to enhance its ongoing theater education initiative for pre-K through 12th grade, partnering with 151 schools and after-school programs during the 2009-10 academic year for 850 in-classroom workshops with teaching artists reaching 16,800 students, as well as New Vic performances for 27,000 students. In 2011-12, the initiative reached 30,300 students in 160 schools.
- **Playwrights Horizons** \$77,000 (2010)
Evaluation: Playwrights Horizons launched *Playtime!* with TSC support, enabling parents of young children to attend the theater by providing affordable, professional on-site babysitting in the theater building. Two nearby theatres (Signature Theatre and Westside Theatre) joined the program, with other theater standing by, increasing theater-going options for parents.
- **The Public Theater** \$500,000 (2014)
Evaluation: The TSC funded 3-year expansion of “Public Works” – a theater engagement initiative which creates works of participatory theater in partnership with community organizations in all five boroughs with specially curated programming at each group’s home – is currently in progress.
- **Rosie's Theater Kids** \$100,000 (2010); \$100,000 (2012) Evaluation: TSC funds enabled Rosie’s Theater Kids to expand and maintain its PS Broadway musical theater program in 40 NYC public school classes, engaging 1350 5th-graders (86% from low-income families and 92% non-white) throughout 17 schools. Classes received a full semester of musical theater training by teaching artists, a visit from a Broadway actor, attended Broadway productions, and performed their work for their school communities. An addition to the program in 2012 was the New York Center for Autism Charter School. Students were selected for a summer scholarship and after-school program at Rosie’s Theater Kids in the year following their in-school program.
- **Roundabout Theatre Company** \$100,000 (2010)
Evaluation: TSC support helped underwrite Access Roundabout, an audience development initiative designed to reach underrepresented audience members. Marketed through an expanded social media presence, the multi-pronged program served more than 43,000 people during the 2010-11 season, many of them visiting Roundabout for the first time. Access 10 offers \$10 tickets for preview performances; HIPTIX is a \$20 ticket program for young adults; Theatre Access provides free and deeply discounted tickets for student group matinees; Student Rush and General Rush are low-price day-of mezzanine tickets; Roundabout Underground markets \$20 tickets to young audiences; and Theatre Plus offers pre-show and post-show discussions.
- **Roundabout Theatre Company** \$100,000 (2012)
Evaluation: With TSC support, Roundabout developed and implemented the Hiptix Network, a program designed to make theatre at Roundabout and other companies accessible and affordable for a wider audience of young theatergoers. The Hiptix Network’s online portal for ticket sales,

social media presence and ten-theatre partnership resulted in the sale of 35,000 tickets to young adults ages 18 to 35 over the course of the project and a significant increase in Hiptix memberships. Roundabout was joined by the Baryshnikov Arts Center, Flea Theatre, MCC Theater, New York Theatre Workshop, Peccadillo Theater Company, Primary Stages, The Public Theater, The Women's Project and Broadway's *Cinderella*.

- **Signature Theatre** \$75,000 (2009)
Evaluation: A TSC grant enabled Signature Theatre Company to begin a multi-year analysis of the impact of the Signature Ticket Initiative ticket program on audiences, the theater, and the broader NYC theatrical community. The in-depth study is designed to evaluate audience preferences and trends over a three-season period by adding an online component to Signature's traditional in-house survey process for patrons whose first ticket purchase was subsidized through the Signature Ticket Initiative. Preliminary results indicate that the Initiative motivates attendance and inspires patrons to engage deeply with Signature by purchasing subscriptions or making a contribution. After the second phase of the analysis is completed, Signature will publish a report with the results of this in-depth study for dissemination to the theater field.
- **Theatre Development Fund** \$150,000 (2009); \$200,000 (2010)
Evaluation: Theater Subdistrict Funds launched New Audiences for New York, a program designed to stimulate theatergoing among individuals who are under-represented in Broadway audiences, by partnering with a diverse variety of community organizations throughout NYC. More than 70 groups from faith-based, senior, teen, college student, and neighborhood organizations attended faith-based groups, seniors, teens, college students and neighborhood organizations two or three Broadway shows as well as workshops designed to enhance and contextualize their experience. Individual group leaders were trained by TDF teaching artists to facilitate the workshops and group discussions, and groups were given specific information that made them more knowledgeable about the theater, demystifying the theatergoing experience and building a sense of community and shared discovery within each group. TDF also launched a website that provides new audiences with information about NY theatre that is tailored to their interests.
- **Walker International** \$115,805 (2009); \$115,000 (2010)
Evaluation: Walker Communications (Donna Walker-Kuhne) and Cherine Anderson founded Impact Broadway, a multi-pronged audience development initiative for a diverse group of NYC high school and college students from all five boroughs. Through a variety of key program elements – a program launch emceed by Will Power with Coleman Domingo, LaChanze and others; an interactive Impact Broadway website; outings to three Broadway shows (*Fela!*, *In the Heights*, and *Memphis*), post-show talkbacks with actors; post-show dinners in the theater district to discuss the shows; a special Arts in My Backyard newsletter highlighting local arts events and offering complimentary tickets; a Broadway Speakers Bureau seminar, attendance at the Tony awards ceremony dress rehearsal, and a Tony viewing party in Harlem hosted by Coleman Domingo and Kevin Anthony – 300 participating students were deeply and actively engaged in New York theater. In its second year, activities continued for a new group of 250 students as well as students from the pilot year, including outings to *West Side Story*, *A Free Man of Color*, and *The Lion King* and tours of the August Wilson Theatre conducted by Wilson's niece.
- **52nd Street Project** \$100,000 (2010)
Evaluation: 52nd Street Project added six new programming units to its New Platforms (scenic design, stage combat, dance-making, photography, spoken word/poetry, and magazine making), involving ninety school-age children Thirty teen-agers were employed in new positions, including assistants for each of the new programs, ushers, concessionaires, and stage crew members. Project kids were taken to more than six Broadway and off- Broadway shows.

III. How efficiently or effectively has the TSC been in monitoring the preservation and use covenants applicable to Broadway's "listed theaters"?

Seven theaters have transferred development rights pursuant to New York City Zoning Resolution Section 81-744. These theaters are subject to restrictive declarations that require continuing operation of the theaters for legitimate theater uses, and maintenance of the physical and operational soundness of the theaters. The restrictive declarations require that every five years a licensed professional architect or engineer, acceptable to the Landmarks Preservation Commission, prepare a report on the physical condition and operational soundness of the theaters, and identify any work necessary to maintain the theaters in a state of good repair. Following receipt of such reports, the Chairperson of the City Planning Commission will provide the TSC with copies, as well as any comments or issues identified by City staff through review and, if necessary, inspection. The TSC will then have an opportunity to provide the Chairperson and the Landmarks Preservation Commission with comments, and may identify issues or recommend corrective actions. Although it is not anticipated that the TSC will incur expenses relating to these functions, a replenishing fund of \$75,000 has been reserved for the purpose of monitoring the preservation and use covenants.

The TSC has put mechanisms in place, which will ensure effective monitoring of the preservation and use covenants

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Board Member Summary

Name	Position
Bill de Blasio	Chairperson, Mayor of the City of New York
Corey Johnson	Vice Chair, Speaker of the New York City Council
Gale Brewer	Secretary, Manhattan Borough President
Anita Laremont/Marisa Lago	Treasurer, Director of NYC Dept. of City Planning
Lin-Manuel Miranda	Mayor's Appointee
Daryl Roth	Mayor's Appointee
David Henry Hwang	Mayor's Appointee
Paige Price	Speaker's Designee

Employee Summary

The TSC has no employees.

Compensation Schedule

Members and directors receive no compensation for their service to the TSC.

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Schedule of Debt

The TSC has no outstanding debts.

Real and Personal Property Transactions Summary

The TSC has no real or personal property. No real or personal property was disposed during the fiscal year.

Procurement Summary

Number of Current Contracts	none
Total Value of Contracts	0

Investment Report

The TSC does not maintain any investments.

**THEATER SUBDISTRICT COUNCIL
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Code of Ethics

This Code of Ethics shall apply to all members, directors, officers of the TSC and staff to such members, directors and officers (“Covered Persons”) providing assistance to the Theater Subdistrict Council Local Development Corporation (“TSC”). These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of covered persons, and to preserve public confidence in TSC’s mission.

This Code of Ethics is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest and the ethical duties applicable to not-for-profit corporations.

Responsibilities of Members, Directors, Officers and Staff

1. Covered Persons shall perform their duties with transparency, without favor, and shall refrain from engaging in outside matters of financial or personal interest that could impair independence of judgment or prevent the proper exercise of official duties.
2. Covered Persons shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through their official position that could create any conflict between their public duties and interests and their private interests.
3. Covered Persons shall not accept or receive any gift or gratuities where the circumstances would permit the inference that the gift is intended to influence the individual in the performance of official business, or that the gift constitutes a tip, reward, or sign of appreciation for any official act. Gifts subject to this provision may take the form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the TSC. In the event that a Covered Person receives any such gift or gratuity, he or she shall immediately notify the Chairperson of the Governance Committee in order to make proper disposition of such gift or gratuity. Notwithstanding the foregoing, meals and gifts that are permissible and not deemed valuable under §2604(b)(5) of the Charter of the City of New York and implementing regulations, as defined in Title 53 of the Rules of the City of New York, shall neither require reporting nor violate this policy.
4. Covered Persons shall not use or attempt to use their official position with the TSC to secure unwarranted privileges for themselves, members of their family or others, including grants or contracts with the TSC.
5. Covered Persons must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.

Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered

Persons may not engage in any transaction with an outside entity in which they have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.

6. Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered Persons may not engage in any transaction with an outside entity in which they hold a position as trustee, director, officer, member or employee.

7. Covered Persons shall manage all matters within the scope of the TSC's mission independent of any other affiliations or employment. Members, directors, officers and staff shall strive to fulfill their professional responsibility to the TSC without bias and shall support the TSC mission to the fullest.

8. Covered Persons shall not use TSC property or resources or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law and the TSC's mission and goals.

9. Covered Persons shall make the annual filings required under N.Y. Pub. Auth. Law § 2825(3).

Reporting Unethical Behavior

Covered Persons shall report unethical behavior to the Chairperson of the Governance Committee.

Implementation of Code of Ethics

The Chairperson of the Governance Committee shall have the following duties:

Counsel in confidence Covered Persons who seek advice about ethical behavior.

- Record the receipt and disposition of gifts or gratuities reported by Covered Persons.
- Receive and record reported ethical violations.
- Receive and investigate complaints regarding ethics violations.
- Dismiss complaints found to be without substance.
- Refer all matters to the Governance Committee, where further actions or investigations are deemed necessary.

In addition to any penalty contained in other provisions of law, if a Covered Person violates any provision of this Code of Ethics, the Governance Committee may prepare a report of its findings. Such report shall be submitted to the board and shall include suggested remedies that are appropriate under the circumstances.

10. An assessment of the effectiveness of this Code of Ethics shall be prepared annually by the Governance Committee.

**THEATER SUBDISTRICT COUNCIL
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Assessment of the Internal Control Structure:

The TSC management documented and assessed the internal control structure and procedures of the Theater Subdistrict Council, LDC (“TSC”) for the year ending 5/31/2018. The assessment found the TSC’s internal control structure to be adequate, and determined that no corrective actions were necessary.

Management continually reviews and updates the TSC’s internal control policies and procedures, which enables it to effectively document the system(s) of internal controls presently in place. Reviews and updates to these policies are performed either as a result of an annual policy review, a problem experienced, or in an effort to adopt best practices. During the fiscal year for the year ending 5/31/2019, the following policies and guidelines were reviewed:

- Procurement Policy
- Investment Guidelines
- Mission Statement
- Performance Measures

Additionally, in performing the annual audit of financial statements, the TSC’s independent auditor considered the TSC’s internal control over financial reporting in planning and performing their audit. Although this internal control consideration was for a limited purpose, no significant deficiencies or material weaknesses were identified. The above practices, in conjunction with those measures identified in the internal audit, serve to provide the TSC with an effective control structure.

Conflicts of Interest Policy

1. No member, director or officer (“Covered Person”) shall have any interest, in any grant, contract or other transaction proposed to be entered into by the Theater Subdistrict Council Local Development Corporation (“TSC”), except as provided in this policy.

For purposes of this section, an “interest” shall mean: (i) an “Ownership interest” as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person’s spouse, domestic partner or unemancipated children, in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction; or (ii) a “Position”, as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction.

2. In addition to the foregoing, no Covered Person shall take any action with respect to any grant, contract or other transaction of the TSC, which would or is likely to result in direct economic gain to the Covered Person or to a firm or entity in which such Covered Person has an interest.

For the purposes of this section, an “interest” shall mean: (i) an “Ownership interest” as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person’s spouse, domestic partner or unemancipated children, in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds; or (ii) a “Position”, as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds.

3. Employment with or provision of services to the City of New York shall not constitute an interest within the meaning of this policy.

4. In the event a Covered Person becomes aware of any potential conflict of interest, such Covered Person shall make disclosure forthwith to the Chair of the nature and extent of his or her potential conflict. Disclosure shall be entered in writing upon the minutes of the Board of Directors.

5. If timely disclosure is made, the Board of Directors may determine whether the TSC can obtain a more advantageous transaction with reasonable efforts in a manner that would not give rise to a conflict of interest. If a more advantageous arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board may find that it is in the TSC’s best interest, and that it is fair and reasonable for the TSC to enter into the transaction. Such authorization shall be made by concurring vote of at least two-thirds the whole number of uninterested directors, and shall include appropriate measures to address the conflict, including but not limited to recusal by the affected Covered Person with respect to all activities of the TSC relating to the transaction.

6. If a Covered Person fails to make disclosure when he or she knew or should have known of the potential Conflict of Interest, the Board of Directors shall: (i) in the case of a director, make recommendations to the appointing person for appropriate action; (ii) in the case of an officer who is not also a director, take such action as it deems appropriate, including, if warranted, removal.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2019**

and

INDEPENDENT AUDITORS' REPORTS

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Theater Subdistrict Council Local Development Corporation
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Theater Subdistrict Council Local Development Corporation, which comprise the government-wide statement of net position as of May 31, 2019 and the statement of activities for the year then ended, and the governmental fund balance sheet as of May 31, 2019 and the statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Theater Subdistrict Council Local Development Corporation as of May 31, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of Theater Subdistrict Council Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Theater Subdistrict Council Local Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Theater Subdistrict Council Local Development Corporation's internal control over financial reporting and compliance.

Caballero & Associates

December 10, 2019

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
May 31, 2019**

The following Management’s Discussion and Analysis (MD&A) provides a comprehensive overview of the Theater Subdistrict Council Local Development Corporation’s (the “TSC”) financial position as of May 31, 2019, and the result of its operations for the year then ended.

Management has prepared the financial statements along with this MD&A. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The MD&A should be read in conjunction with the audited financial statements of the TSC, which directly follow the MD&A.

Budget

The TSC depends on fees paid by land use applicants filing applications with the New York City Department of City Planning for the majority of the funding used to advance the TSC’s program. The TSC does not rely on other grants, loans, investments, or interest income, for revenue. Because application filings are irregular and dependent on private actors, the TSC cannot make detailed projections of future grant rounds because funding is not assured.

Financial Highlights

- Assets of the TSC exceeded liabilities as of May 31, 2019 by \$246K, compared to \$1.36M as of May 31, 2018. The decrease in assets is a result of \$1.1M in grant awards from June 1, 2018 until May 31, 2019 (“FY2019”). TSC also has a mandated reserve of \$75K which is part of the restricted net position balance as of May 31, 2019.
- 11 Grants in the amount of \$1.3M were paid out of the TSC’s funds in FY2019 in support of the TSC’s mission to promote theater and theater-related uses and to enhance the long-term viability of Broadway by facilitating the production of theater and by developing new audiences.
- Total revenues for FY2019 were limited to approximately \$5K in bank interest on existing funds. No potential future contributions are in the Department of City Planning’s application pipeline, indicating a need to pause grant-making for the foreseeable future.
- Total expenses of \$1.12M were dominated by the \$1.1M in FY2019 grant awards. Overall, expenses increased from prior year by \$648K as a result of grant-making, but non-programmatic expenses declined by 34% in FY2019.

Overview of the Basic Financial Statements

The financial statements of the TSC have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”).

The basic financial statements consist of a Statement of Net Position, a Statement of Activities, a Statement of Governmental Fund Balance Sheet, a Statement of Revenues, Expenditures and Changes in Fund Balances and accompanying notes. These statements provide information on the financial position of the TSC and the financial activity and results of its operations during the year. A description of these statements follows:

- The Statement of Net Position and Governmental Fund Balance Sheet present information on the TSC’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
May 31, 2019**

position of the TSC is improving or deteriorating.

- Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present information showing the change in the TSC's net position during the most recent fiscal year. All changes in net position/fund balance are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.

Financial Analysis

Our analysis below focuses on the net position (Figure 1) and activities (Figure 2) of the TSC. The interest income (bank interest) for the TSC was \$4,889 for FY2019. This was an increase of 36% over the prior year. At the close of FY2019, the TSC had a net position of \$245,543. No application fee revenue was received in FY2019 and no applications are currently in progress.

Outstanding accrued expenses totaled \$221,520 and consist primarily of outstanding grant payments that have not yet been transferred, as planned in the grant agreements.

A portion of the fund balance amounting to \$75,000 is reserved to continue to support the TSC, as required by the NYC Zoning Resolution.

Figure 1: Condensed Statement of Net Position

Condensed Statement of Net Position	Activities		Total Dollar Change
	2018	2019	2018-2019
Assets			
Cash - Restricted	\$ 1,818,681	\$ 467,063	
Total Assets	\$ 1,818,681	\$ 467,063	\$ (1,351,618)
Liabilities			
Accounts Payable and Accrued Expense	\$ 460,991	\$ 221,520	
Total Liabilities	\$ 460,991	\$ 221,520	\$ (239,471)
Net Position	\$ 1,357,690	\$ 245,543	\$ (1,112,147)
Total Net Position	\$ 1,357,690	\$ 245,543	\$ (1,112,147)

The TSC's prime objective is to promote theater and theater-related uses and to enhance the long-term viability of Broadway by facilitating the production of theater and by developing new audiences. The TSC's programmatic activities are comprised of grants to arts organizations dedicated to supporting this mission.

During FY2019, the TSC awarded 11 grants totaling \$1.1M to arts organizations. General and administrative expenses included fees for audit and tax-preparation services, tax filings and consulting expenses.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
May 31, 2019**

Figure 2: Changes in Net Position

Changes in Net Position	Activities		Total Dollar Change
	2018	2019	2018-2019
Operating Revenues			
Application Fee Income	\$ -	\$ -	\$ -
Interest Income	\$ 3,587	\$ 4,889	\$ 1,302
Total Revenues	\$ 3,587	\$ 4,889	\$ 1,302
Operating Expenses			
Program expenses	\$ 446,420	\$ 1,101,911	\$ 655,491
General and administrative expenses	\$ 22,821	\$ 15,125	\$ (7,696)
Total Expenses	\$ 469,241	\$ 1,117,036	\$ 647,795
Change in Net Position	\$ (465,654)	\$ (1,112,147)	\$ (646,493)

Factors Bearing on the TSC's Future

With no potential contributions in the application process, the TSC must suspend all future grant-making until the TSC's balance grows to support an impactful grant. Potential exists for small-scale support of arts organizations, but to date, this type of grant-making has not been a part of the Board's strategy.

Contacting the TSC's Financial Management

This financial report is designed to provide the TSC's clients, grantees and regulators with a general overview of the TSC's finances and to demonstrate the TSC's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the New York City Department of City Planning, at 120 Broadway, 31st Floor, New York, NY 10271.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
AS OF MAY 31, 2019

Assets	
Cash	\$ 467,063
Total assets	<u>\$ 467,063</u>
Liabilities and net position	
Liabilities	
Accounts payable and accrued expenses	\$ 221,520
Total liabilities	221,520
Net position	
Restricted	<u>245,543</u>
Total net position	<u>245,543</u>
Total liabilities and net position	<u>\$ 467,063</u>

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

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2019

Revenues	
Interest	<u>\$ 4,889</u>
Expenses	
Grants to other organizations	1,100,000
Meeting expenses	1,911
Outside services	14,400
Professional fees	500
Fees and permits	225
Total expenses	<u>1,117,036</u>
Change in net position	(1,112,147)
Net position - beginning of year	<u>1,357,690</u>
Net position - end of year	<u><u>\$ 245,543</u></u>

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

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
GOVERNMENTAL FUND BALANCE SHEET
AS OF MAY 31, 2019

	General Fund	Total Governmental Funds
Assets		
Cash	\$ 467,063	\$ 467,063
Total assets	\$ 467,063	\$ 467,063
Liabilities and fund balance		
Liabilities		
Accounts payable and accrued expenses	\$ 221,520	\$ 221,520
Total liabilities	221,520	221,520
Fund balance		
Restricted	245,543	245,543
Total liabilities and fund balance	\$ 467,063	\$ 467,063

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

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2019**

	General Fund	Total Governmental Funds
Revenues		
Interest	\$ 4,889	\$ 4,889
Expenses		
Grants to other organizations	1,100,000	1,100,000
Meeting expenses	1,911	1,911
Outside services	14,400	14,400
Professional fees	500	500
Fees and permits	225	225
Total expenses	1,117,036	1,117,036
Net change in fund balance	(1,112,147)	(1,112,147)
Fund balance - beginning of year	1,357,690	1,357,690
Fund balance - end of year	\$ 245,543	\$ 245,543

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

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
May 31, 2019

NOTE 1. NATURE OF ORGANIZATION

Theater Subdistrict Council Local Development Corporation (the “Organization”) is a not-for-profit organization formed under New York Not-For-Profit Corporation Law. The Organization was established pursuant to the Theater Subdistrict regulations of a 1998 New York City Zoning Resolution.

The Organization was formed for the purpose of promoting theater and theater-related use and preserving and promoting the welfare of the New York City Theater Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theaters.

The Organization is governed by a Board of Directors, which consist of eight (8) members. The members of the Board of Directors include the Mayor of the City of New York, three (3) persons appointed by the Mayor from the performing arts, theatrical or related industries, the Director of the Department of City Planning of the City of New York, the Speaker of the City Council of the City of New York and his or her designee, and the Manhattan Borough President.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Organization’s government-wide financial statements, which include the statement of net position and the statement of activities, are presented to provide information about the reporting entity as a whole, in accordance with the standards issued by the Governmental Accounting Standards Board (“GASB”). The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

The Organization’s governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenue is generally considered available if expected to be received within one year after period end. Expenditures are recognized when the related liability is incurred.

As there are no differences between the Organization’s government-wide financial statements and its governmental fund financial statements as of and for the year ended May 31, 2019, no reconciliations are provided.

The Organization’s financial statements prior to the year ended May 31, 2019 were prepared in accordance with the standards issued by the Financial Accounting Standards Board. For the year ended May 31, 2019, the Organization prepared the financial statements in accordance with the standards issued by GASB to comply with the reporting and accounting requirements for New York public authorities.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
May 31, 2019

Net position/fund balances

Net position is classified into two components: restricted and unrestricted. Fund balances are classified as either: nonspendable, restricted, committed, assigned, or unassigned.

The Organization is required to maintain \$75,000 of its net position for inspection and monitoring of certain theatres and their compliance with the maintenance and use obligations. This amount is included in the restricted net position on the statement of net position and restricted fund on the statement of governmental fund balance sheet. This requirement was stipulated by Zoning resolution section 81-741(i)(1) and approved on May 9, 2011 by the City Planning Commission, City of New York.

Revenue

Under Zoning resolution 81-744, *Transfer of Development Rights from Listed Theaters*, when unused development rights of a Broadway theater are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund. The amount payable to the Theater Subdistrict Fund is calculated pursuant to Zoning Regulation 81-744 (a)(5). For the year ended May 31, 2019, no revenues were recognized as there were no transfer of development rights during the year.

NOTE 3. INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). This IRC section enables the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. The Organization files with the Internal Revenue Service Form 990, *Return of Organization Exempt from Income Tax*, and the related State and local exempt organization returns as required. Based on applicable statute of limitations, the Organization’s tax returns generally remain open for examination by tax authorities for three (3) years after filing. As of May 31, 2019, the Organization was not subject to any examination by a taxing authority.

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization follows the accounting guidance for fair value measurement for measuring fair value of assets and liabilities in its financial statements. The Organization’s financial instruments consist of cash, accounts payable and accrued expenses. The carrying amounts of these instruments approximate fair value due to their short-term nature.

NOTE 5. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times, may exceed the insured limits of \$250,000 per financial institution. At May 31, 2019, the cash balance in excess of FDIC insured limits was approximately \$217,063. The Organization has not experienced any credit losses and management believes it is not exposed to any significant credit risk related to the cash amounts.

NOTE 6. SUBSEQUENT EVENTS

The Organization’s management has performed subsequent events procedures through December 10, 2019, which is the date the financial statements were available to be issued.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Theater Subdistrict Council Local Development Corporation
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Theater Subdistrict Council Local Development Corporation (the "Organization"), which comprise the government-wide statement of net position as of May 31, 2019 and the statement of activities for the year then ended, and the governmental fund balance sheet as of May 31, 2019 and the statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Theater Subdistrict Council Local Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Theater Subdistrict Council Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Theater Subdistrict Council Local Development Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may

exist that have not been identified. We did identify certain deficiencies in internal control described below that we consider to be material weaknesses.

Finding No. 2019-01

The financial Statements for the year ended May 31, 2019 were originally prepared under Financial Accounting Standards Board (FASB) pronouncements. The Organization is a public authority and is required to prepare financial statements under Governmental Accounting Standards Board (“GASB”) pronouncements.

Paragraph c of 2 CRR-NY 201.2 indicates in part that:

“... Since public authorities are governmental entities, the accounting principles followed should be those prescribed by the Governmental Accounting Standards Board or its successors and should be applied on a consistent basis....”

Additionally, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* states that:

“Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities...”

The original version of the financial statements prepared by management did not include all the reports required by GASB; for instance, the section for Management Discussion and Analysis.

Recommendation

We recommended that management revise the financial statements to be in accordance with GASB pronouncements. Management has accepted our recommendation.

Management Response

Management agrees with the auditor recommendation above and has revised the financial statements to comply with GASB requirements.

Finding No. 2019-02

Classification of net assets/fund balance was originally presented as unrestricted rather than being presented as restricted.

The relevant provisions of Zoning Resolution 81-70, *Special Regulations for Theater Subdistrict* (the “Zoning Resolution”), specify how the funds shall be expended. The Zoning Resolution states in part (pages 237 and 238 of the web version of the Zoning Resolution):

“...the remainder of such revenue shall be used for activities chosen by the Theater Subdistrict Council furthering the objectives and purposes of this Section....”

We also note that page 207 of the web version of the Zoning Resolution has the following relevant provision:

"...The Theater Subdistrict Council shall be a not-for-profit corporation whose organizational purpose shall be limited solely to promoting theater and theater-related use and preservation within the Theater Subdistrict and promoting the welfare of the Theater Subdistrict generally. The goals of the Theater Subdistrict shall include enhancing the long-term viability of Broadway by facilitating the production of plays and audiences for all types of theatrical productions, and monitoring preservation and use covenants in Broadway's "listed theaters"."

The original version of the financial statements prepared by management presented the net assets as unrestricted, which had implied that the funds are available and can be spent without any restrictions.

Recommendation

We recommended that management appropriately classify the net assets as restricted based on the provisions of the Zoning Resolution.

Management Response

The Organization's management has revised the financial statements be in accordance with GASB pronouncements and the net assets have been presented as restricted in the statement of net position.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Theater Subdistrict Council Local Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Theater Subdistrict Council Local Development Corporation's Response to Findings

Theater Subdistrict Council Local Development Corporation's responses to the findings identified in our audit are detailed above.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Theater Subdistrict Council Local Development Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero & Associates

December 10, 2019



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December 10, 2019

The Board of Directors and Management of
Theater Subdistrict Council Local Development Corporation
120 Broadway, 31st Floor
New York, NY 10271

Ladies and Gentlemen:

We have audited the financial statements of Theater Subdistrict Council Local Development Corporation (the “Organization” or “TSC”) as of and for the year ended May 31, 2019, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated December 10, 2019. Professional standards require that we communicate to you the following information related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated November 25, 2019. As described in that letter, our responsibilities include forming and expressing an opinion about whether the financial statements that have been prepared by management are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the Organization’s financial statements does not relieve management of its responsibilities.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The basis of presentation and summary of significant accounting policies are set forth in the notes to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statement prepared by management and are based on management’s current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. During the year ended May 31, 2019, we are not aware of any significant changes in accounting estimates or in management’s judgments relating to such estimates.

INTERNAL CONTROL-RELATED MATTERS

In planning and performing our audit of the Organization's financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in the Organization's internal control to be material weaknesses:

Finding No. 2019-01

The financial Statements for the year ended May 31, 2019 were originally prepared under Financial Accounting Standards Board (FASB) pronouncements. The Organization is a public authority and is required to prepare financial statements under Governmental Accounting Standards Board ("GASB") pronouncements.

Paragraph c of 2 CRR-NY 201.2 indicates in part that:

"... Since public authorities are governmental entities, the accounting principles followed should be those prescribed by the Governmental Accounting Standards Board or its successors and should be applied on a consistent basis...."

Additionally, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* states that:

"Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities..."

The original version of the financial statements prepared by management did not include all the reports required by GASB; for instance, the section for Management Discussion and Analysis.

Recommendation

We recommended that management revise the financial statements to be in accordance with GASB pronouncements. Management has accepted our recommendation.

Management Response

Management agrees with the auditor recommendation above and has revised the financial statements to comply with GASB requirements.

Finding No. 2019-02

Classification of net assets/fund balance was originally presented as unrestricted rather than being presented as restricted.

The relevant provisions of Zoning Resolution 81-70, *Special Regulations for Theater Subdistrict* (the “Zoning Resolution”), specify how the funds shall be expended. The Zoning Resolution states in part (pages 237 and 238 of the web version of the Zoning Resolution):

“...the remainder of such revenue shall be used for activities chosen by the Theater Subdistrict Council furthering the objectives and purposes of this Section....”

We also note that page 207 of the web version of the Zoning Resolution has the following relevant provision:

“...The Theater Subdistrict Council shall be a not-for-profit corporation whose organizational purpose shall be limited solely to promoting theater and theater-related use and preservation within the Theater Subdistrict and promoting the welfare of the Theater Subdistrict generally. The goals of the Theater Subdistrict shall include enhancing the long-term viability of Broadway by facilitating the production of plays and audiences for all types of theatrical productions, and monitoring preservation and use covenants in Broadway’s “listed theaters”.”

The original version of the financial statements prepared by management presented the net assets as unrestricted, which had implied that the funds are available and can be spent without any restrictions.

Recommendation

We recommended that management appropriately classify the net assets as restricted based on the provisions of the Zoning Resolution.

Management Response

The Organization’s management has revised the financial statements be in accordance with GASB pronouncements and the net assets have been presented as restricted in the statement of net position.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Organization's management and staff and had unrestricted access to the Organization's senior management in the performance of our audit.

CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Refer below for the correcting entries recorded by management:

Dr: Accounts Payable	6,000
Cr: Professional fees	6,000
To correct accounts payable and professional fees.	
Dr: Unrestricted net assets	170,543
Cr: Restricted net assets	170,543
To reclassify the net assets as of May 31, 2019.	

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit other than the matters noted in the internal control section above.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Organization's management about the representations embodied in the financial statements. Additionally, we requested that management provide to us the written representations the Organization is required to provide to its independent auditors under generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

MANAGEMENT CONSULTATION WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER FINDINGS OR ISSUES DISCUSSED WITH MANAGEMENT

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATERIAL WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND US

Refer below for a listing of written communications that we believe constitute other material written communications between management and us related to the audit of the financial statements as of and for the year ended May 31, 2019:

Description of Other Material Written Communications	Status
Management representation letter dated December 10, 2019	Received and attached with this report
Engagement letter dated November 25, 2019	Received and attached with this report
Communications to those charged with Governance and Management – Audit Scope and Fees dated November 19, 2019	Received and attached with this report
Engagement letter dated August 7, 2018	Received and attached with this report

* * * * *

This report is intended solely for the information and use of the Organization’s Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Caballero & Associates

THEATER SUBDISTRICT COUNCIL LDC

<i>Summary of Contributions and Expenditures</i>	
FY20 Beginning Assets	\$467,063
Total Expected Assets (FY20 - FY23)	\$8,650
Expected Interest Income	\$8,650
Expected Contributions	\$0
Total Expected Expenditures (FY20 - FY23)	(\$245,800)
Projected Grant Payments	(\$220,000)
On Going Maintenance Costs	(\$25,800)
TSC Projected Fund Balance (FY23)	\$229,913
Required Reserve	(\$75,000)
Funds Available (less \$75K reserve)	\$154,913

THEATER SUBDISTRICT COUNCIL LDC

Budget for Adoption: Fiscal Year 2020, ending May 31, 2020			
	FY 20: 6/1/19- 5/31/20 (For Adoption)	FY 19: 6/1/18- 5/31/19 (Actual)	FY 19: 6/1/18- 5/31/19 (Budgeted)
<u>Income</u>			
From Contributions	\$ -	\$ -	\$ -
From Interest	\$ 2,650	\$ 4,889	\$ 5,000
TOTAL INCOME	\$ 2,650	\$ 4,889	\$ 5,000
<u>Expenditures</u>			
Grants and Programmatic	\$ 220,000 *	\$ 1,326,420	\$ 1,326,420
Administrative	\$ -	\$ 1,911	\$ 3,500
Accounting/Auditing	\$ 6,500	\$ 4,946	\$ 4,946
Consultant	\$ 1,100	\$ 22,980	\$ 15,350
Filing Fees	\$ 50	\$ 250	\$ 250
Bank Charges	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 227,650	\$ 1,356,507	\$ 1,350,466
Change in New Assets	\$ (225,000)	\$ (1,351,618)	\$ (1,345,466)
Net Assets Beginning	\$ 467,063	\$ 1,818,681	\$ 1,818,681
Net Assets Ending	\$ 242,063	\$ 467,063	\$ 473,215

Notes:

* Includes final Payments for Round VI grants in the amount of \$220,000

THEATER SUBDISTRICT COUNCIL LDC

Budget Projections: June 1, 2019 - May 31, 2023				
Income	FY 20: 6/1/19-5/31/20 (For Adoption)	FY 21: 6/1/20-5/31/21 (Proposed)	FY 22: 6/1/21-5/31/22 (Proposed)	FY 23: 6/1/22-5/31/23 (Proposed)
From Contributions	\$ -	\$ -	\$ -	\$ -
From Interest	\$ 2,650	\$ 2,000	\$ 2,000	\$ 2,000
TOTAL INCOME	\$ 2,650	\$ 2,000	\$ 2,000	\$ 2,000
Expenditures				
Grants and Programmatic	\$ 220,000 *	\$ - **	\$ -	\$ -
Administrative	\$ -	\$ -	\$ -	\$ -
Accounting/Auditing	\$ 6,500	\$ 6,000	\$ 6,000	\$ 6,000
Consultant	\$ 1,100	\$ -	\$ -	\$ -
Filing Fees	\$ 50	\$ 50	\$ 50	\$ 50
Bank Charges	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 227,650	\$ 6,050	\$ 6,050	\$ 6,050
Change in New Assets	\$ (225,000)	\$ (4,050)	\$ (4,050)	\$ (4,050)
Net Assets Beginning	\$ 467,063	\$ 242,063	\$ 238,013	\$ 233,963
Net Assets Ending	\$ 242,063	\$ 238,013	\$ 233,963	\$ 229,913 ^

Notes:

* Round 6 second payments of \$220K will be fully paid out FY20.

** Future grant rounds are dependent on new contributions.

^ Assumes \$75K is required to be held in reserve for TSC inspection and monitoring funds for ongoing operating expenses.