

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Elysabeth Kleinhans Theatrical Foundation, Inc.
(d/b/a 59E59 Theaters)

Opinion

We have audited the accompanying consolidated financial statements of The Elysabeth Kleinhans Theatrical Foundation, Inc. (d/b/a 59E59 Theaters) (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Elysabeth Kleinhans Theatrical Foundation, Inc. (d/b/a 59E59 Theaters) as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Elysabeth Kleinhans Theatrical Foundation, Inc. (d/b/a 59E59 Theaters) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Elysabeth Kleinhans Theatrical Foundation, Inc.'s (d/b/a 59E59 Theaters) ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Elysabeth Kleinhans Theatrical Foundation, Inc.'s (d/b/a 59E59 Theaters) internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Elysabeth Kleinhans Theatrical Foundation, Inc.'s (d/b/a 59E59 Theaters) ability to continue as a going concern for a reasonable period of time.

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

Lotz + Carr, LLP

New York, New York
September 12, 2025

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 344,948	\$ 413,977
Unconditional promises to give - with donor restrictions	2,500,000	-
Accounts receivable	10,850	28,873
Accrued investment income	78,952	47,583
Inventory	9,543	7,654
Prepaid expenses and other current assets	61,896	25,471
Investments	29,854,233	21,140,745
Property and equipment, at cost, net of accumulated depreciation and amortization	<u>22,893,112</u>	<u>23,273,878</u>
Total Assets	<u>\$55,753,534</u>	<u>\$44,938,181</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 83,717	\$ 85,614
Deferred rental income	70,833	83,833
Box office payables	<u>128,132</u>	<u>170,736</u>
Total Liabilities	<u>282,682</u>	<u>340,183</u>
Commitment and Contingency (Note 8)		
Net Assets		
Without Donor Restrictions		
Property and equipment	22,893,112	23,273,878
Undesignated	<u>178,018</u>	<u>135,656</u>
Total Without Donor Restrictions	23,071,130	23,409,534
With Donor Restrictions	<u>32,399,722</u>	<u>21,188,464</u>
Total Net Assets	<u>55,470,852</u>	<u>44,597,998</u>
Total Liabilities and Net Assets	<u>\$55,753,534</u>	<u>\$44,938,181</u>

See notes to consolidated financial statements.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Assets Without Donor Restrictions		
Revenue, Gains and Other Support		
Box office receipts	\$ 1,815,644	\$ 2,118,455
Less: Outside attraction share	<u>(1,815,644)</u>	<u>(2,118,455)</u>
Net Box Office Receipts	-	-
Contributions	375,235	267,773
Theatre rental income	487,968	726,551
Theatre service fees and miscellaneous income	103,969	128,436
Reimbursed expenses	148,926	148,655
Concessions	34,227	40,339
Memberships	121,585	116,563
Net assets released from restrictions - accumulated investment earnings	1,376,800	792,200
Rental income - investment real estate	<u>850,000</u>	<u>850,000</u>
Total Revenue, Gains and Other Support	<u>3,498,710</u>	<u>3,070,517</u>
Expenses		
Program Services	2,880,319	2,767,202
Supporting Services		
Management and general	<u>576,029</u>	<u>491,096</u>
Total Expenses Before Depreciation and Amortization	<u>3,456,348</u>	<u>3,258,298</u>
Increase (Decrease) in Net Assets Without Donor Restrictions Before Depreciation and Amortization	42,362	(187,781)
Depreciation and amortization	<u>380,766</u>	<u>383,626</u>
Decrease in Net Assets Without Donor Restrictions	<u>(338,404)</u>	<u>(571,407)</u>
Changes in Net Assets With Donor Restrictions		
Net investment income	2,588,058	2,858,569
Contributions	10,000,000	-
Net assets released from restrictions - accumulated investment earnings	<u>(1,376,800)</u>	<u>(792,200)</u>
Increase in Net Assets With Donor Restrictions	<u>11,211,258</u>	<u>2,066,369</u>
Increase in net assets	10,872,854	1,494,962
Net assets, beginning of year	<u>44,597,998</u>	<u>43,103,036</u>
Net Assets, End of Year	<u><u>\$55,470,852</u></u>	<u><u>\$44,597,998</u></u>

See notes to consolidated financial statements.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Program Services	Supporting Services Management and General	Total Expenses	Program Services	Supporting Services Management and General	Total Expenses
Salaries	\$1,396,151	\$ 400,723	\$1,796,874	\$1,371,348	\$ 330,688	\$1,702,036
Payroll taxes	128,007	36,104	164,111	123,788	32,907	156,695
Employee benefits	114,836	32,390	147,226	93,846	24,946	118,792
Production expenses	131,777	-	131,777	85,280	-	85,280
Sponsorships and Grants	38,617	-	38,617	-	-	-
Advertising and marketing	327,507	-	327,507	357,531	-	357,531
Design and printing	283,583	-	283,583	234,199	-	234,199
Postage and delivery	58,478	-	58,478	79,348	-	79,348
Utilities	74,410	8,269	82,679	75,407	8,378	83,785
Insurance	50,540	5,616	56,156	47,414	5,268	52,682
Professional fees and consultants	-	39,733	39,733	2,900	44,399	47,299
Supplies	48,568	5,397	53,965	55,904	6,211	62,115
Repairs and maintenance	94,007	10,445	104,452	81,727	9,080	90,807
Equipment and rentals	14,686	773	15,459	20,304	1,069	21,373
Telephone	7,191	799	7,990	6,707	745	7,452
Licenses and permits	44,979	-	44,979	51,760	-	51,760
Security	711	79	790	7,076	786	7,862
Travel and accommodations	19,165	7,088	26,253	37,572	17,563	55,135
Miscellaneous	47,106	28,613	75,719	35,091	9,056	44,147
Depreciation and amortization	342,691	38,075	380,766	345,266	38,360	383,626
Total Expenses	3,223,010	614,104	3,837,114	3,112,468	529,456	3,641,924
Less: Depreciation and amortization expense shown separately in the statement of activities	(342,691)	(38,075)	(380,766)	(345,266)	(38,360)	(383,626)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$2,880,319</u>	<u>\$ 576,029</u>	<u>\$3,456,348</u>	<u>\$2,767,202</u>	<u>\$ 491,096</u>	<u>\$3,258,298</u>

See notes to consolidated financial statements.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Increase in net assets	\$10,872,854	\$1,494,962
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation and amortization	380,766	383,626
Contributions with donor restrictions - perpetual in nature	(7,500,000)	-
Unrealized gain on investments	(1,647,865)	(2,581,325)
Realized (gain) loss on investments	(275,384)	91,213
(Increase) decrease in:		
Unconditional promises to give	(2,500,000)	-
Accounts receivable	18,023	(13,587)
Accrued investment income	(31,369)	(18,812)
Inventory	(1,889)	10,342
Prepaid expenses and other current assets	(36,425)	24,209
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,897)	17,706
Deferred rental income	(13,000)	(2,000)
Box office payables	(42,604)	70,449
Net Cash Used By Operating Activities	<u>(778,790)</u>	<u>(523,217)</u>
Cash Flows From Investing Activities		
Payments towards acquisition of property and equipment	-	(10,673)
Purchase of investments	(15,090,648)	(7,247,544)
Proceeds from sale of investments	8,300,409	7,690,099
Net Cash Provided (Used) By Investing Activities	<u>(6,790,239)</u>	<u>431,882</u>
Cash Flows From Financing Activities		
Contributions with donor restrictions - perpetual in nature	<u>7,500,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(69,029)	(91,335)
Cash and cash equivalents, beginning of year	<u>413,977</u>	<u>505,312</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 344,948</u></u>	<u><u>\$ 413,977</u></u>
Supplemental Disclosure		
Federal excise taxes paid	<u><u>\$ 16,800</u></u>	<u><u>\$ 7,800</u></u>

See notes to consolidated financial statements.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Elysabeth Kleinhans Theatrical Foundation (d/b/a 59E59 Theaters) (the "Foundation") was formed in 2001 to create and operate a theatrical complex in the building at 59 East 59th Street, New York City. Its aim is to provide new and well equipped theater space to not-for-profit theater companies at reasonable prices. The Foundation brings new and exciting theater, both American and foreign, to a new neighborhood and subsidizes worthy companies that cannot afford to pay the full cost of licensing. The Foundation encourages its neighbors to come to live theater on an ongoing basis as an alternative to movies and other forms of entertainment by offering reasonable ticket prices and membership discounts.

During 2024, in order to continue its mission to provide low-cost theater space to non-profit theater companies, the Foundation changed its model for charging theater rental fees from a fixed week fee to an amount based on a percentage of box office receipts. This percentage ranged from 10% to 20% during 2024. The Foundation's effort to further lower the cost of theater rental will be supported by additional contributions of \$7,500,000 and \$2,500,000 in 2024 and 2025, respectively, to the Foundation's endowment by its Founder.

b - Principles of Consolidation

The accompanying consolidated financial statements include the accounts of 120 Broadway LLC (the "LLC"). The Foundation is the sole member of this entity, which is a company owning real estate, that was donated to the Foundation in 2006. All significant intercompany transactions and accounts have been eliminated.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers money market funds and all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

d - Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. The allowance for credit losses is insignificant at December 31, 2024 and 2023.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Investments and Fair Value Measurements

The Foundation reflects investments at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses on investments are reflected in the consolidated statements of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

The Foundation is required to use a framework for measuring fair value and make certain disclosures about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and is based on a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy. Financial instruments are categorized into a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

The value of the Foundation's investments, which are based on quoted market prices in active markets, are classified within Level 1. The value of the Foundation's investments which are based on quoted secondary market prices or alternative pricing sources supported by observable inputs are classified within Level 2.

f - Contributions

The Foundation 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. Contributed property and equipment is recorded at fair value at the date of donation.

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 recorded on the statement of activities as net assets released from restriction.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

f - Contributions (continued)

Membership revenue is collected at the commencement of the membership period. Membership revenue is primarily contribution revenue, and a portion represents an exchange transaction and entitles members to certain discounts and events over the course of the membership period. The Foundation recognizes membership revenue as contribution revenue in the year received since the substantial portion of the Foundation's performance obligations is completed by the end of each year and the value related to other membership benefits is de minimus.

g - Inventory

Inventory consists of concession goods and merchandise and is stated at the lower of cost, as determined by the first-in, first-out method, or net realizable value.

h - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

i - Revenue Recognition

The Foundation has multiple revenue streams that are accounted for as exchange transactions including box office receipts, theatre rental income, theatre service fees and miscellaneous income, reimbursed expenses, concessions, memberships, and rental income. With the exception of memberships, which can be for a period of approximately one year, all of the Foundation's revenue from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. The Foundation records deferred revenue in situations when amounts are collected, but the performance obligations have not yet been met.

Box office receipts, theatre service fees and miscellaneous income are recognized at the point in time in which the performance takes place. Reimbursed expenses are recognized when the expense is incurred. Concession income is recognized when products are sold.

Theatre rental income is recognized over the period that the rental takes place. During 2023 and through March 2024, theatre rental income was based on a fixed weekly fee. Beginning April 2024, theatre rental income is calculated as a percentage of box office receipts.

During 2024, total theater rental revenue recognized under the fixed fee method was \$317,950. Total theater rental revenue recognized under the percentage of box office receipts method was \$170,000.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Lease

The LLC is the owner of a property (Note 8a) which it leases to another organization. The LLC has determined that the lease is an operating lease and recognizes income on a straight-line basis over the term of the lease.

k - Financial Statement Presentation

The consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

l - Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs.

m - Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable. A substantial portion of the Foundation's expenses are directly related to program activities of the theaters. The expenses that are allocated include salaries, advertising, design and printing, postage and other administrative costs, which are allocated based upon estimates of employee time and effort.

n - Use of Estimates

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

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

o - Tax Status

The Foundation is a private operating foundation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, it is subject to an annual Federal excise tax on net investment income, as defined. The Internal Revenue Code provides that the Foundation must make qualifying distributions based on the greater of the result of an income test and either an assets, endowment or support test.

120 Broadway LLC is a single-member limited liability company. As such, for tax purposes, its income and expenses are reported as part of the Foundation's return.

p - Subsequent Events

The Foundation has evaluated subsequent events through September 12, 2025, the date that the financial statements are considered available to be issued.

Note 2 - Information Regarding Liquidity and Availability

The Foundation operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of general expenditures during a given year are funded with contributions raised and program revenue earned during the year and appropriations of accumulated investment earnings from the Foundation's endowment. The Foundation considers general expenditures to consist of all expenses related to its ongoing program services, and the expenses related to general and administrative activities undertaken to support those services.

The Foundation regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2 - Information Regarding Liquidity and Availability (continued)

The Foundation's assets as of December 31, 2024 and 2023 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 344,948	\$ 413,977
Unconditional promise to give	2,500,000	-
Accounts receivable	10,850	28,873
Accrued investment income	78,952	47,583
Investments	<u>29,854,233</u>	<u>21,140,745</u>
Total Financial Assets	32,788,983	21,631,178
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions for future periods	(2,500,000)	-
Net assets with donor restrictions for endowment:		
Accumulated investment earnings subject to appropriation	(3,900,402)	(2,689,144)
Perpetual in nature	(25,999,320)	(18,499,320)
Plus: Amount expected to be appropriated within one year	<u>1,560,000</u>	<u>1,300,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,949,261</u>	<u>\$ 1,742,714</u>

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the Foundation's donor restricted endowment and accumulated investment earnings thereon. The Foundation has received endowment contributions totaling \$25,999,320. Income from this endowment is not restricted for any specific purpose and may be appropriated for expenditure for use in the Foundation's general operations (Note 6). For the years ended December 31, 2024 and 2023, \$1,376,800 and \$792,200, respectively, of accumulated investment earnings were released from restriction for use in operations.

Note 4 - Unconditional Promises to Give - With Donor Restrictions

Unconditional promises to give are from one donor and due within one year. Uncollectible contributions are expected to be insignificant.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5 - Investments

Investments at December 31, 2024 and 2023 consist of the following:

	2024		2023	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment cash and money				
market funds	\$ 1,115,554	\$ 1,115,554	\$ 1,411,939	\$ 1,411,939
Domestic corporate bonds	4,288,125	4,238,638	2,269,025	2,213,367
Municipal bonds	137,900	126,172	137,900	123,183
Mutual funds - fixed income	6,278,336	5,951,435	4,227,112	4,053,524
Domestic common stock	6,162,760	11,925,879	4,986,517	8,756,887
U.S. agency and treasury securities	6,872,730	6,206,066	4,177,831	3,791,519
Other equity investments	-	-	98,067	116,939
Asset-backed securities	<u>299,982</u>	<u>290,489</u>	<u>781,373</u>	<u>673,387</u>
	<u>\$25,155,387</u>	<u>\$29,854,233</u>	<u>\$18,089,764</u>	<u>\$21,140,745</u>

Net investment income for 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 793,292	\$ 458,910
Realized gain (loss) on sale of investments	275,384	(91,213)
Unrealized gain on investments	1,647,865	2,581,325
Investment fees	(111,683)	(82,653)
Federal excise tax expense	<u>(16,800)</u>	<u>(7,800)</u>
Net Investment Income	<u>\$2,588,058</u>	<u>\$2,858,569</u>

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5 - Investments (continued)

The following summarizes investments by the levels within the fair value hierarchy used to measure their respective fair values:

	2024		
	Fair Value	Level 1 (Quoted Prices in Active Markets for Identical Assets)	Level 2 (Quoted Reasonably Available Observable Inputs)
Investment cash and money market funds	\$ 1,115,554	\$ 1,115,554	\$ -
Domestic corporate bonds	4,238,638	-	4,238,638
Municipal bonds	126,172	-	126,172
Mutual funds - fixed income	5,951,435	5,951,435	-
Domestic common stock	11,925,879	11,925,879	-
U.S. agency and treasury securities	6,206,066	-	6,206,066
Asset-backed securities	<u>290,489</u>	<u>-</u>	<u>290,489</u>
	<u>\$29,854,233</u>	<u>\$18,992,868</u>	<u>\$10,861,365</u>
	2023		
	Fair Value	Level 1 (Quoted Prices in Active Markets for Identical Assets)	Level 2 (Quoted Reasonably Available Observable Inputs)
Investment cash and money market funds	\$ 1,411,939	\$ 1,411,939	\$ -
Domestic corporate bonds	2,213,367	-	2,213,367
Municipal bonds	123,183	-	123,183
Mutual funds - fixed income	4,053,524	4,053,524	-
Domestic common stock	8,756,887	8,756,887	-
U.S. agency and treasury securities	3,791,519	-	3,791,519
Other equity investments	116,939	116,939	-
Asset-back securities	<u>673,387</u>	<u>-</u>	<u>673,387</u>
	<u>\$21,140,745</u>	<u>\$14,339,289</u>	<u>\$6,801,456</u>

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
(d/b/a 59E59 Theaters)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 6 - Endowment Funds

The Foundation's endowment was established by contributions from its founder. Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Consistent with the New York State Not-for-Profit Corporation Law and the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), the Foundation retains in perpetuity (a) the original value of the gifts donated to the endowment (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not perpetual in nature is classified as an endowment subject to spending policy and appropriation until these amounts are appropriated for expenditure by the Foundation.

The Foundation's endowment fund is included in net assets with donor restrictions at December 31, 2024 and 2023. Changes in the Foundation's endowment funds for the years ended December 31, 2024 and 2023 are summarized as follows:

	2024		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 2,689,144	\$18,499,320	\$21,188,464
Contributions	-	7,500,000	7,500,000
Net investment return	2,588,058	-	2,588,058
Appropriation for expenditure	<u>(1,376,800)</u>	<u>-</u>	<u>(1,376,800)</u>
Endowment Funds, End of Year	<u>\$3,900,402</u>	<u>\$25,999,320</u>	<u>\$29,899,722</u>

	2023		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 622,775	\$18,499,320	\$19,122,095
Net investment return	2,858,569	-	2,858,569
Appropriation for expenditure	<u>(792,200)</u>	<u>-</u>	<u>(792,200)</u>
Endowment Funds, End of Year	<u>\$2,689,144</u>	<u>\$18,499,320</u>	<u>\$21,188,464</u>

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 6 - Endowment Funds (continued)

The Foundation invests its endowment assets to provide a predictable stream of funding to operations, in a manner that is intended to produce current income while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation has adopted an investment policy which includes the investment objectives of both capital appreciation (realized and unrealized) and current income (interest and dividends).

The Foundation makes appropriations to fund operations. Appropriations totaled \$1,376,800 and \$792,200 for 2024 and 2023, respectively.

Note 7 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2024</u>	<u>2023</u>
Used in Operations:			
Building improvements	20-39 years	\$ 9,480,992	\$ 9,480,992
Building	39 years	4,160,000	4,160,000
Theatre equipment	5-7 years	341,795	341,795
Office equipment	3 years	73,417	73,417
Furniture and fixtures	7 years	239,962	239,962
Website	3 years	<u>106,201</u>	<u>106,201</u>
		14,402,367	14,402,367
Less: Accumulated depreciation and amortization		<u>(7,549,255)</u>	<u>(7,168,489)</u>
		6,853,112	7,233,878
Land		<u>1,040,000</u>	<u>1,040,000</u>
		7,893,112	8,273,878
Held for Investment:			
Land		<u>15,000,000</u>	<u>15,000,000</u>
		<u>\$22,893,112</u>	<u>\$23,273,878</u>

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 8 - Commitment and Contingency

- a - The Foundation received a contribution from its founder and others of all the membership interests of 120 Broadway LLC, a limited liability company, which owns, leases and manages a property. Under the terms of an existing ground lease, the Foundation receives \$850,000 in rental income per annum during the entire term of the lease. The lease has forty-two remaining renewal options each for successive periods of twenty-one years. The term of the lease currently runs through July 31, 2060.
- b - The Foundation has been named as one of several defendants in sixty-five personal injury actions brought by workers and their spouses for alleged respiratory injuries suffered as a result of exposure to allegedly toxic dust while doing clean-up and other work at 120 Broadway, New York, NY, in the weeks and months following the attacks on the World Trade Center on September 11, 2001. Eight of these cases have never been served. Fifty-seven of these cases have been served and were all consolidated in U.S. District Court for the Southern District of New York. The Foundation is the ground lessor of 120 Broadway and is being defended and indemnified by the ground lessee, 120 Broadway Holdings, LLC. Fourteen of these fifty-seven cases have been involuntarily dismissed by the District Court for the Southern District of New York and have been affirmed by the United States Court of Appeals for the Second Circuit. All of the remaining forty-three cases have been dismissed without prejudice pending completion of documents effectuating settlements of the claims against the Foundation. Settlement documentation has been completed in forty-two of these cases and submitted to the court to be executed. None of the settlements required any payment by the Foundation. Upon completion, filing and court execution of these settlement documents, it is anticipated that all forty-three remaining actions against the Foundation will be dismissed without prejudice.

Note 9 - Concentrations

- a - The Foundation maintains its cash and cash equivalents at a financial institution in New York. Certain cash balances are insured by the Federal Deposit Insurance Corporation. Cash balances commonly exceed federally insured limits.

THE ELYSABETH KLEINHANS THEATRICAL FOUNDATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 9 - Concentrations (continued)

b - Contributions consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Contributions from Founder	\$250,000	\$250,000
Contributions from others	<u>125,235</u>	<u>17,773</u>
	<u>\$375,235</u>	<u>\$267,773</u>

Since 2019, 95% of the Foundation's total contributed revenue has come from its Founder. At December 31, 2024, all unconditional promises to give are due from the Founder.