Cultural Center Redevelopment
Associates Urban Renewal LLC

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2021

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Cultural Center Redevelopment Associates Urban Renewal LLC

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Independent Auditor's Report

To the Managing Member
Cultural Center Redevelopment Associates Urban Renewal LLC

Opinion

We have audited the financial statements of Cultural Center Redevelopment Associates Urban Renewal LLC (the "Company"), which comprise the balance sheet as of December 31, 2021 and the related statements of operations, changes in members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cultural Center Redevelopment Associates Urban Renewal LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of mortgages and notes payable is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Baltimore, Maryland
August 2, 2022

Cultural Center Redevelopment Associates Urban Renewal LLC

Balance Sheet
December 31, 2021

Assets

Current assets	
Cash	$ 1,044,879
Accounts receivable - operations	342,555
ERG tax credit sale receivable	33,333
Prepaid expenses	87,288
Total current assets	1,508,055
Restricted deposits and funded reserves	
Other reserves	2,347,272
Property and equipment	
Buildings and improvements	61,332,493
Furniture, fixtures and equipment	984,716
Less accumulated depreciation	(4,133,816)
Property and equipment, net	58,183,393
Other assets	
ERG credit fees, net	434,097
Total assets	$ 62,472,817

Cultural Center Redevelopment Associates Urban Renewal LLC

Balance Sheet
December 31, 2021

Liabilities and Members' Equity

Current liabilities	
Accounts payable - operations	$ 172,413
Accounts payable - construction	103,594
Due to affiliates	225,492
Deferred revenue	44,734
Accrued interest payable	19,637
Mortgages and notes payable, current	2,480,000
Total current liabilities	3,045,870
Long-term liabilities	
Mortgages and notes payable, net	32,862,037
Deferred revenue	1,312,628
Total long-term liabilities	34,174,665
Total liabilities	37,220,535
Contingencies	-
Members' equity	25,252,282
Total liabilities and members' equity	$ 62,472,817

See Notes to Financial Statements.

Cultural Center Redevelopment Associates Urban Renewal LLC

Statement of Operations
Year Ended December 31, 2021

Operating income	
Ticket fees	$ 84,515
Rental income	75,830
Cost recovery revenue	315,755
Grant income	948,055
Miscellaneous operating income	54,915
Total operating income	1,479,070
Operating expenses	
General and administrative expenses	127,350
Salaries and employee benefits	729,754
Utilities	99,936
Property insurance	47,399
Repairs and maintenance	56,267
Total operating expenses	1,060,706
Net operating income	418,364
Other (income) expenses	
Interest income	(914)
Naming rights income	(44,734)
Gain on sale of ERG tax credits	(3,688,000)
Loan forgiveness	(152,600)
Loan servicing fees	39,005
Interest expense	961,081
Depreciation	1,763,258
Amortization	56,013
Total other (income) expenses	(1,066,891)
Net income	$ 1,485,255

See Notes to Financial Statements.

Cultural Center Redevelopment Associates Urban Renewal LLC

Statement of Changes in Members' Equity (Deficit)
Year Ended December 31, 2021

Beginning, December 31, 2020	$	23,767,027
Net income		1,485,255
End, December 31, 2021	$	25,252,282

See Notes to Financial Statements.

Cultural Center Redevelopment Associates Urban Renewal LLC

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities	
Net income	$ 1,485,255
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	1,763,258
Amortization	56,013
Amortization of bond fees and premium	(404,901)
(Increase) decrease in assets	
Accounts receivable - operations	(327,856)
Prepaid expenses and other assets	37,394
Increase in liabilities	
Accounts payable	7,891
Deferred revenue	262,100
Accrued interest	10,162
Net cash provided by operating activities	2,889,316
Cash flows from investing activities	
Payments made for property and equipment	(135,248)
Net cash used in investing activities	(135,248)
Cash flows from financing activities	
Advances from affiliates	26,013
Payments of mortgages and notes payable	(2,360,000)
Net cash used in financing activities	(2,333,987)
Net increase in cash and restricted cash	420,081
Cash and restricted cash, beginning	2,972,070
Cash and restricted cash, end	$ 3,392,151
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 1,355,820
Noncash investing and financing activities	
Accounts payable - construction included in property and equipment	$ 103,594

See Notes to Financial Statements.

Note 1 - Organization and nature of operations

Cultural Center Redevelopment Associates Urban Renewal LLC (the "Company") was formed under the laws of the New Jersey Revised Uniform Limited Liability Company Act on November 10, 2015. The original purpose of the Company was to own, develop, and operate a theater, office space, and 207 residential units for those of mixed income. The project is located in New Brunswick, New Jersey and is operating under the name the New Brunswick Performing Arts Center. Operations began in September 2019.

The Company will continue in perpetuity, unless sooner dissolved in accordance with the terms in the operating agreement.

Effective December 26, 2018, NBCCR Urban Renewal LLC ("NBCCR") owned a 50% interest and New Brunswick Development Corporation ("DEVCO") owned a 50% interest. Items of Company income or loss were generally allocated in accordance with owner percentages. However, specific allocations were determined and governed by the operating agreement.

On June 23, 2020 the Amended and Restated Limited Liability Company was executed and the entire 50% membership interest of NBCCR was redeemed by the Company in exchange for the residential property with the assignment of the CitiBank mortgage, advances made by NBCCR to the Company and any amounts payable to NBCCR and its affiliates resulting in a net distribution of $22,148,231. In addition, Rutgers State University, New Brunswick Cultural Center and the County of Middlesex were each admitted to the Company for a 25% membership interest for the advances made as of June 23, 2020 in the amount of $17,000,000, $16,897,958 and $14,638,083, respectively. The existing member DEVCO had its ownership interest reduced to 25%.

In addition, the office component and related contributions/advances of equal amount, were assigned to the County of Middlesex, leaving only the theater.

ERG Tax Credits

The Company applied for and received tax credits under the Residential Economic Redevelopment and Growth Program ("ERG Tax Credits") from the New Jersey Economic Development Authority. The Company will receive $4,000,000 in annual tax credits for 10 years beginning with the 2020 tax year. The Company will receive an annual tax credit certificate based on an annual letter of compliance.

The Company entered into purchase and sale agreements with CitiBank, N.A., Investors Bank, and Transamerica Premier Life Insurance Company (the "Purchasers") on September 7, 2017. Pursuant to the agreements, upon presentment of the annual tax credit certificate, the Purchasers will make an annual payment of $3,688,000.

Note 2 - Summary of significant accounting policies

Basis for presentation

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

Property and equipment

Buildings and improvements, furniture, fixtures and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives (which range from 3 to 39.5 years). Repairs and maintenance costs are charged against earnings as incurred.

Impairment of long-lived assets
The Company reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during the year ended December 31, 2021.

Accounts receivable
Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable, and it is reasonably possible that management's estimate of the allowance will change. As of December 31, 2021, management has determined that no allowance is necessary.

Revenue recognition

Theater and rehearsal space rental revenue
The Company recognizes theater or rehearsal space rental revenue on the day in which the space is rented. For the year ended December 31, 2021, theater rental revenues recognized was $75,830.

Ticket fees
The Company earns credit card and processing fees on tickets sold for its member companies and other shows when the theaters are rented out. The Company recognized $84,515 in ticket fees for the year ended December 31, 2021.

Cost recovery revenue
The Company bills a daily fee to recapture certain costs incurred when presenting a show at the theater. Additionally, the direct cost of labor for the stage hands and other technical staff are recaptured and billed to the member companies or others renting the space.

Concession and merchandise revenue
Concession and merchandise revenues are recognized when payment is tendered at the point of sale. For the year ended December 31, 2021, concession and merchandise revenues recognized was $1,500 and is included in miscellaneous theater operating income.

Naming rights revenue
The Company enter into agreements for the sale of naming rights of various spaces within the performing arts center totaling $1,767,000. Payments are expected to be received over a five-year period. Revenue is recognized over the estimated useful life of the theater or 39.5 years. For the year ended December 31, 2021, naming rights revenue was $44,734. Unearned naming rights revenue as of December 31, 2021 is $1,357,362.

Advertising costs
Advertising costs are changed to operations when incurred.

Intangibles and amortization
Costs related to obtaining the ERG tax credits are being amortized over the mandatory 10-year compliance period starting in the first year credits are eligible.

Amortization is described further in Note 3.

Debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct reduction from the face amount of the mortgage loans payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Bond premium
Bond premium, net of accumulated amortization, is reported as a direct addition to the face amount of the mortgage loans payable to which the premium relates. Amortization of bond premium is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes
The Company has elected to be treated as pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to, and are reported by, their owners on its respective income tax returns. The Company's federal tax status as pass-through entity is based on their legal statuses as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as pass-through entity. The Company is required to file, and does file, tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Income tax returns filed by the Company are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

Use of estimates
The preparation of the financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Intangible assets

At December 31, 2021, intangible assets were comprised of the following:

	Method	Period		
ERG tax credit fees	Straight-line	10 years	$	560,125
Less accumulated amortization				(126,028)
			$	434,097

Note 4 - Restricted deposits and funded reserves

Pursuant to various agreements the Company is required to place certain sums of monies on restricted deposit. The withdrawal of these funds is subject to approval. Restricted deposits and funded reserves are detailed below.

NJCC CDE reserve
In accordance with the loan agreements, the Company used a portion of the proceeds from the NJCC loan to establish a reserve to pay a portion of debt service when due. The reserve shall be released in accordance with the reserve account pledge agreement. As of December 31, 2021, the balance in the NJCC reserve was $334,500.

RBC CDE reserve
In accordance with the loan agreements, the Company used a portion of the proceeds from the RBC loan to establish a reserve to pay a portion of debt service when due. The reserve shall be released in accordance with the reserve account pledge agreement. As of December 31, 2021, the balance in the RBC reserve was $71,600.

BA CDE reserve
In accordance with the loan agreements, the Company used a portion of the proceeds from the BA loan to establish a reserve to pay a portion of debt service when due. The reserve shall be released in accordance with the reserve account pledge agreement. As of December 31, 2021, the balance in the BA reserve was $186,541.

Capital reserve
In accordance with the loan agreements, the Company shall establish a reserve to pay for capital improvements. The reserve shall be released in accordance with the agreements. As of December 31, 2021, the balance in the capital reserve was $1,497,842.

Investor's escrow
In accordance with Company agreements, the Company shall establish a reserve with contributions to fund construction and operating startup costs. As of December 31, 2021, the balance in the Investor's escrow was $256,789.

Note 5 - PPP Loan Forgiveness

On April 2021, the Company entered into an unsecured promissory note with Magyar Bank for an aggregate principal amount of approximately $152,600 pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). During the year ended December 31, 2021, the Company believes it met all applicable SBA requirements, including having used loan proceeds for eligible expenses. Accordingly, the Company recognized a gain of $152,600, which is included in other income on the Company's statement of operations. There is a six-year period during which the SBA can review the Company's forgiveness calculation.

Note 6 - Mortgages and notes payable

The Company has entered into several mortgages and notes payable agreements with various third parties to provide construction and permanent financing. Total loan commitments as of December 31, 2021 are $36,054,000, of which $31,449,000 remain payable. The loans mature on various dates ranging from July 2029 through December 2051, and include various repayment terms including monthly payments of interest only with the balance due in full at maturity and monthly payments of principal and interest. Interest rates range from 1% per annum to 5% per annum. Total interest incurred for the year ended December 31, 2021 totaled $1,365,982. Accrued interest payable as of December 31, 2021 is $19,637.

Aggregate maturities of the mortgages and notes payable for the next five years and thereafter as of December 31, 2021 are as follows:

2022	$	2,480,000
2023		2,610,000
2024		2,910,000
2025		3,110,146
2026		3,258,583
Thereafter		17,080,271
Total	$	31,449,000

A loan premium in the amount of $6,077,394 was recognized on the date of settlement equal to the difference between the face value of the bond loan and the amount received. In addition, the project paid $408,779 in loan fees. The loan premium and fees are amortized over the term of the loan using the effective yield method at a rate of 6.15% and amortization is included as a reduction of interest expense. Amortization for the year ended December 31, 2021 was $404,901. The unamortized loan premium and fees included in mortgage payable as of December 31, 2021 is $3,893,037.

The loans are collateralized by the real property and are guaranteed by various affiliates of the Company.

Note 7 - Related party transactions

Due to affiliates

The Company was provided advances from affiliates, which are noninterest-bearing and due on demand. As of December 31, 2021, $225,492 remains payable and is included in due to affiliates.

Note 8 - Property management fee

Effective July 15, 2019, the Company entered into an agreement with CBRE, Inc., an unrelated party, to perform property management services for the theater at a fee of $2,000 a month. For the year ended December 31, 2021, $24,000 has been incurred and paid.

In addition to the agreement with CBRE, Inc., DEVCO oversees the operation, management, scheduling and budgeting of the theater and receives a management fee. For the year ended December 31, 2021, no fee has been incurred.

Note 9 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total of the same such amounts in the statement of cash flows:

Cash	$	1,044,879
Other reserves		2,347,272
Total cash and restricted cash shown in the statement of cash flows	$	3,392,151

Amounts included in restricted cash are comprised of a bond reserve, NJCC CDE reserve, BA CDE reserve, RBC CDE reserve, Investor's escrow, and a capital reserve.

Note 10 - PILOT agreements

The Company has entered into a PILOT Transfer, County Grant and Theater Component Grant Agreement with the City of New Brunswick (the "City"). The agreement exempts the Company from taxation on its improvements in accordance with N.J.S.A. 40A:20-1. for a term of 30 years from the annual service charge start date. The City is required to remit 5% of the Annual Service Charge to the County as the County PILOT Share. For the year ended December 31, 2021, no taxes were expensed or paid. In addition, in any year there is excess profit, as defined by the City, an additional excess service charge payment is required to be made to the City. For the year ended December 31, 2021, no excess service charge was incurred.

Note 11 - Shuttered venue operators grant

During the year ended December 31, 2021, the Company received $709,336 from the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSAA") through the Shuttered Venue Operators Grant ("SVOG"). The Company qualified for the grant as the principal business activity of the Company was management and hosting of theatrical productions and other events by performing artists. The Company was awarded $1,140,304 in total of SVOG funds. Based on an analysis of the compliance and reporting requirements of the SVOG and the effect of the pandemic on the Company's revenues and expenses through December 31, 2021, the Company has recognized revenue in the amount of $948,055.

Note 12 - Concentration of credit risk

The Company maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2021.

Note 13 - Contingencies

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity, which could result in a loss of theater revenue and other material adverse effects to the Company's financial position, results of operations, and cash flows. As of December 31, 2021, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the theater.

Note 14 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes.

Management evaluated the activity of the Company through August 2, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Cultural Center Redevelopment Associates Urban Renewal LLC

Detailed Schedule of Mortgages and Notes Payable
December 31, 2021

Lender	Total commitment	Maturity date	Interest rate	Security / guaranty	Payment terms	Outstanding balance December 31, 2021
Middlesex County Improvement Authority	$ 28,430,000	July 1, 2029	5%	Middlesex County Guaranty / ERG Purchase Agreement	Monthly interest only through ERG receipt. Annually, repayment of principal equal to 1/10th of the ERG credit. At maturity, entire unpaid principal will be due.	$ 23,825,000
COCRF SUBCDE 70, LLC	1,053,000	December 1, 2051	1.518%	Pari Passu First Priority Lien	Quarterly interest only through 1/1/2025 ($4,867.50). Quarterly principal and interest through 12/1/2051 ($20,593.30).	1,053,000
BACDE NMTC Fund 17, LLC	2,247,000	December 1, 2051	1.518%	Pari Passu First Priority Lien	Quarterly interest only through 1/1/2025 ($8,527.37). Quarterly principal and interest through 12/1/2051 ($25,398.58).	2,247,000
NJCC CDE Livingston LLC	3,110,000	December 31, 2051	1.518%	Pari Passu First Priority Lien	Quarterly interest only through 1/1/2025 ($11,802.45). Quarterly principal and interest through 12/31/2051 ($33.457.86).	3,110,000
RBC Community Development Sub 18, LLC	1,214,000	December 1, 2051	1.518%	Pari Passu First Priority Lien	Quarterly interest only through 1/1/2025 ($4,607.13). Quarterly principal and interest through 12/31/2051 ($13,496.18).	1,214,000
						31,449,000
					Add bond fee and premium, net	3,893,037
						$ 35,342,037

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