

The North Coast Repertory Theatre,
A Non-Profit Corporation

Financial Statements
and
Independent Auditors' Report

For the Years Ended August 31, 2015 and 2014

Table of Contents

Independent Auditor's Report.....	1-2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Statement of Functional Expenses.....	6-7
Notes to the Financial Statements.....	8-11

A. M. Owens & Co., CPA
A Professional Corporation

9880 N. Magnolia Ave., #188 Santee, California 92071 Phone (619) 698-2401 Fax (619) 698-1577

Board of Directors
The North Coast Repertory Theatre

INDEPENDENT AUDITOR'S REPORT

Dear Members of the Board:

Report on the Financial Statements

I have audited the accompanying financial statements of The North Coast Repertory Theatre, which comprise the balance sheet as of August 31, 2015 and 2014, and the related statements of revenue, expenses and changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility


My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Coast Repertory Theatre as of August 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.


A. M. Owens & Co., CPA
A Professional Corporation

La Mesa, California
December 28, 2015

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Financial Position
For the Years Ended August 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 382,421	\$ 127,441
Receivables	62,307	18,318
Prepaid expenses	9,797	13,129
Prepaid production costs	127,343	148,248
Deposits	4,525	737
	586,393	307,873
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation		
(Note 2)	113,717	115,155
Total Assets	\$ 700,110	\$ 423,028

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable, trade	\$ 74,127	\$ 86,989
Deferred revenue (Note 3)	595,507	570,471
Accrued vacation payable	27,772	21,228
	697,406	678,688
Total Current Liabilities		
LONG-TERM DEBT	0	0
NET EQUITY (DEFICIT)		
Temporarily restricted net assets	49,354	34,727
Unrestricted	(46,650)	(290,387)
	2,704	(255,660)
Total Net (Equity)		
Total Liabilities and Net Assets	\$ 700,110	\$ 423,028

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

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Activities
For the Years Ended August 31, 2015 and 2014

	Unrestricted <u>Fund</u>	Temporarily Restricted <u>Funds</u>	2015 Combined <u>Totals</u>	2014 Combined <u>Totals</u>
SUPPORT AND REVENUE				
Public Support:				
Admissions	\$ 1,287,953	\$ 0	\$ 1,287,953	\$ 1,039,019
Theatre school	168,576	0	168,576	152,452
Concessions and other support	78,610	0	78,610	50,268
Contributions	812,497	66,625	879,122	760,639
Interest	105	2	107	41
	<hr/>	<hr/>	<hr/>	<hr/>
Total Support & Revenue	2,347,741	66,627	2,414,368	2,002,419
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Production costs	1,753,135	52,000	1,805,135	1,718,942
General and administrative	138,874	0	138,874	135,375
Fund raising	211,995	0	211,995	142,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,104,004	52,000	2,156,004	1,997,076
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	243,737	14,627	258,364	5,343
Net Assets (Deficit), Begin of Year	(290,387)	34,727	(255,660)	(261,003)
Prior Period Adjustment (Note 5)	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets (Deficit), End of Year	\$(46,650)	\$ 49,354	\$ 2,704	\$(255,660)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Cash Flows
For the Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 258,364	\$ 5,343
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,103	11,203
(Increase) Decrease in Operating Assets:		
Receivables	(43,989)	(12,828)
Prepaid expenses	3,332	1,519
Prepaid production costs	20,905	(45,992)
Deposits	(3,788)	0
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(12,862)	12,569
Deferred Revenue	25,036	68,942
Accrued vacation	6,544	6,027
	265,645	46,783
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(10,665)	(16,682)
	(10,665)	(16,682)
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	0	0
	0	0
NET CASH USED BY FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	254,980	30,101
BEGINNING CASH AND CASH EQUIVALENTS	127,441	97,340
ENDING CASH AND CASH EQUIVALENTS	\$ 382,421	\$ 127,441
Interest Paid	\$ 191	\$ 10,980
Taxes Paid	\$ 0	\$ 0

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

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Functional Expenses
For the Year Ended August 31, 2015

	<u>Production Costs</u>	<u>General Admin.</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 699,712	\$ 62,681	\$ 100,277	\$ 862,670
Payroll Taxes	74,178	6,762	10,818	91,758
Employee Benefits	139,815	7,223	11,555	158,593
Total Payroll Expenses	913,705	76,666	122,650	1,113,021
Outside Contractors	48,529	0	0	48,529
Professional Services	0	10,812	0	10,812
Occupancy	177,682	11,740	7,338	196,760
Utilities	24,170	2,222	1,339	27,731
Janitorial	3,248	299	187	3,734
Supplies	4,467	7,309	1,303	13,079
Concession Supplies	12,932	0	0	12,932
Communications	10,229	2,923	1,461	14,613
Postage and Shipping	3,136	2,090	2,469	7,695
Printing and Copying	48,872	6,896	3,090	58,858
Travel and Meals	58,159	6,003	161	64,323
Credit Card Processing/Bank Fees	42,609	1,701	0	44,310
Insurance	11,187	1,399	1,399	13,985
Membership Dues	5,222	0	0	5,222
Interest	0	2,893	0	2,893
Advertising and Marketing	126,202	0	2,274	128,476
Royalties	89,048	0	0	89,048
Special Events	0	0	66,274	66,274
Mainstage Events	190,486	0	0	190,486
Theatre School	26,478	0	0	26,478
Taxes/Licenses	0	4,642	0	4,642
Total Expenses Before Depreciation	1,796,361	137,595	209,945	2,143,901
Depreciation	8,774	1,279	2,050	12,103
Total Expenses	\$ 1,805,135	\$ 138,874	\$ 211,995	\$ 2,156,004

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

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Functional Expenses
For the Years Ended August 31, 2014

	Production Costs	General Admin.	Fund- Raising	Total
Salaries	\$ 671,312	\$ 55,117	\$ 60,254	\$ 786,683
Payroll Taxes	80,354	6,597	7,212	94,163
Employee Benefits	152,817	6,129	2,777	161,723
Total Payroll Expenses	904,483	67,843	70,243	1,042,569
Outside Contractors	66,715	0	0	66,715
Professional Services	0	10,371	0	10,371
Occupancy	110,308	11,031	8,435	129,774
Utilities	19,035	1,904	1,456	22,395
Janitorial	3,613	361	276	4,250
Supplies	3,590	7,402	1,306	12,298
Concession Supplies	9,835	0	0	9,835
Communications	10,232	2,923	1,462	14,617
Postage and Shipping	3,072	2,048	1,944	7,064
Printing and Copying	42,845	7,194	3,507	53,546
Travel and Meals	47,727	3,985	0	51,712
Credit Card Processing/Bank Fees	35,412	1,847	0	37,259
Insurance	8,604	1,076	1,076	10,756
Membership Dues	4,208	185	0	4,393
Interest	0	10,980	0	10,980
Advertising and Marketing	160,168	0	1,280	161,448
Royalties	78,272	0	0	78,272
Special Events	0	0	49,665	49,665
Mainstage Expense	182,319	0	0	182,319
Theatre School	21,973	0	0	21,973
Taxes/Licenses	0	3,662	0	3,662
Total Expenses Before Depreciation	1,712,411	132,812	140,650	1,985,873
Depreciation	6,531	2,563	2,109	11,203
Total Expenses	\$ 1,718,942	\$ 135,375	\$ 142,759	\$ 1,997,076

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

The North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
For the Year Ended August 31, 2015

Note 1 - Summary of Significant Accounting Policies

General

The North Coast Repertory Theatre, A Non-Profit Corporation (the Theatre) is a non-profit organization incorporated in California in 1982. Its stated purpose is to educate the public in an appreciation of the theatre arts through stage productions of consistent quality, to be recognized as the premier professional regional live theatre in San Diego North Coastal County, to provide educational services for audiences of all ages, focusing on the youth if the community and to provide an opportunity for actors and theatre professionals to develop their artistic skills through participation in the Theatre's productions.

Basis of Accounting

The financial statements of the Theatre have been prepared on the accrual basis.

Basis of Presentation

The Theatre is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The Theatre's program expenses are shown as production costs in the accompanying statements of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Acquisitions of property and equipment in excess of \$500 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Ticket Sales

Ticket sales received prior to the fiscal year to which they apply are not recognized as revenues until the year earned.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Income Tax Status

The Theatre is classified as a Section 501(c) (3) Organization under the Federal Internal Revenue Code and Section 13.2210 (e) of the State Revenue and Taxation Code. As a result, it has been determined to be exempt from federal income and state franchise taxes. Tax years 2011-2013 are open to examination by taxing authorities.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2015

Note 2 – Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation and amortization at August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Construction in progress	\$ 47,194	\$ 47,194
Leasehold improvements	161,576	164,014
Furniture and equipment	248,928	261,369
	457,698	472,577
Accumulated depreciation and amortization	(343,981)	(357,422)
Property and Equipment - Net	\$ 113,717	\$ 115,155

Note 3 – Deferred Revenue

The Theatre had received \$595,507 and \$570,471, respectively at August 31, 2015 and 2014, on advance ticket sales for the next theater season. As each production is presented, the portion of the advance sales collections that pertains to that production will be recognized as revenue. In the event any of the scheduled productions for the season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders.

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Purpose Restrictions		
Drama Queens - Development	\$ 5,493	\$ 7,143
Capital Campaign	43,861	27,584
	\$ 49,354	\$ 34,727
Total	\$ 49,354	\$ 34,727

The North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2015

Note 5 – Subsequent Events

Events subsequent to August 31, 2015 have been evaluated through December 28, 2015, the date these financial statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events.