

The North Coast Repertory Theatre,
A Non-Profit Corporation

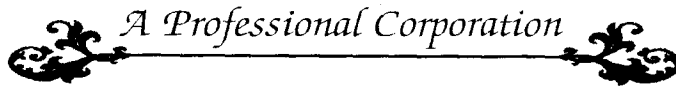
Financial Statements
and
Independent Auditors' Report

For the Years Ended August 31, 2012 and 2011

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A. M. Owens & Co., CPA



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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, 2012 and 2011, 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, 2012 and 2011, 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
August 15, 2013

The North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Financial Position
For the Years Ended August 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash	\$ 54,586	\$ 98,518
Receivables	6,741	11,173
Prepaid expenses	21,127	15,161
Prepaid production costs	65,691	46,668
	148,145	171,520
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation (Note 2)	112,993	98,430
Total Assets	\$ 261,138	\$ 269,950

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable, trade	\$ 184,679	\$ 132,453
Accrued liabilities	0	25
Deferred revenue (Note 3)	510,600	441,571
Accrued vacation payable	6,851	9,187
Total Current Liabilities	702,130	583,236
LONG-TERM DEBT	0	0
COMMITMENTS (Note 5)		
NET DEFICIT		
Temporarily restricted net assets	35,439	41,147
Unrestricted	(476,431)	(354,433)
Total Net Deficit	(440,992)	(313,286)
Total Liabilities and Net Assets	\$ 261,138	\$ 269,950

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
SUPPORT AND REVENUE		
Admissions	\$ 1,089,874	\$ 981,134
Concessions and other support	153,029	227,674
Contributions	278,960	324,898
Special Events	233,430	171,735
Interest	36	714
	<hr/>	<hr/>
Total Support and Revenue	1,755,329	1,706,155
	<hr/>	<hr/>
EXPENDITURES		
Production costs	1,606,552	1,424,202
General and administrative	90,048	111,485
Fund-raising	133,818	106,845
Special events	52,653	38,791
	<hr/>	<hr/>
Total Expenditures	1,883,071	1,681,323
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Change in Net Assets	(127,706)	24,832
Net Deficit - Beginning of Year	(313,286)	(338,118)
	<hr/>	<hr/>
Net Deficit - End of Year	\$ (440,992)	\$ (313,286)
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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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (127,706)	\$ 24,832
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,964	12,680
(Increase) Decrease in Operating Assets:		
Receivables	4,431	35,861
Prepaid expenses	(5,966)	(1,908)
Prepaid production costs	(19,023)	(108)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	52,226	(21,816)
Accrued liabilities	(25)	(2,293)
Deferred Revenue	69,029	33,158
Accrued vacation	(2,335)	(3,873)
	(14,405)	76,533
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(29,527)	(28,463)
	(29,527)	(28,463)
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	0	(3,664)
	0	(3,664)
NET CASH USED BY FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(43,932)	44,406
BEGINNING CASH AND CASH EQUIVALENTS	98,518	54,112
ENDING CASH AND CASH EQUIVALENTS	\$ 54,586	\$ 98,518

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, 2012

	Production Costs	General Admin.	Fund- Raising	Special Events	Total
Salaries	\$ 587,081	\$ 23,333	\$ 106,970	\$ 0	\$ 717,384
Payroll Taxes	68,442	6,291	7,474	0	82,207
Employee Benefits	126,313	5,115	532	0	131,960
Total Payroll Expenses	781,836	34,739	114,976	0	931,551
Outside Contractors	67,143	0	0	0	67,143
Professional Services	0	6,200	0	0	6,200
Occupancy	103,194	9,708	7,405	0	120,307
Utilities	16,951	1,577	1,182	0	19,710
Janitorial	3,003	279	201	0	3,483
Supplies	119	4,711	0	0	4,830
Concession Supplies	12,198	0	0	0	12,198
Communications	10,834	3,096	1,548	0	15,478
Postage and Shipping	4,782	2,878	25	0	7,685
Equipment Rent & Maintenance	8,099	920	0	0	9,019
Printing and Copying	5,781	654	407	0	6,842
Travel	1,090	0	0	0	1,090
Conference and Meetings	0	3,773	0	0	3,773
Credit Card Processing	38,590	0	0	0	38,590
Insurance	3,299	412	412	0	4,123
Membership Dues	100	4,922	0	0	5,022
Interest	0	9,224	0	0	9,224
Advertising and Marketing	199,378	0	7,662	0	207,040
Royalties	82,970	0	0	0	82,970
Special Events	0	0	0	52,653	52,653
Other	255,129	4,047	0	0	259,176
Total Expenses Before Depreciation	1,594,496	87,140	133,818	52,653	1,868,107
Depreciation	12,056	2,908	0	0	14,964
Total Expenses	\$ 1,606,552	\$ 90,048	\$ 133,818	\$ 52,653	\$ 1,883,071

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, 2011

	Production Costs	General Admin.	Fund- Raising	Special Events	Total
Salaries	\$ 542,112	\$ 50,866	\$ 68,541	\$ 0	\$ 661,519
Payroll Taxes	60,292	5,518	6,293	0	72,103
Employee Benefits	122,669	5,096	3,694	0	131,459
Total Payroll Expenses	725,073	61,480	78,528	0	865,081
Outside Contractors	54,356	0	4,433	0	58,789
Professional Services	0	11,219	3,450	0	14,669
Occupancy	100,909	9,493	6,798	0	117,200
Utilities	15,336	1,443	1,033	0	17,812
Janitorial	2,799	263	188	0	3,250
Supplies	3,854	5,322	647	0	9,823
Concession Supplies	7,969	0	0	0	7,969
Communications	8,117	2,286	1,029	0	11,432
Contributions	1,044	772	0	0	1,816
Postage and Shipping	1,580	1,973	780	0	4,333
Equipment Rent & Maintenance	6,854	0	0	0	6,854
Printing and Copying	42,272	3,666	1,786	0	47,724
Travel	47,197	32	0	0	47,229
Conference and Meetings	0	0	0	0	0
Credit Card Processing	34,371	0	0	0	34,371
Insurance	13,237	1,655	1,655	0	16,547
Membership Dues	3,734	0	0	0	3,734
Interest	0	4,195	0	0	4,195
Advertising and Marketing	143,154	0	4,483	0	147,637
Royalties	70,247	0	0	0	70,247
Special Events	0	0	0	38,971	38,971
Other	132,916	5,150	894	0	138,960
Total Expenses Before Depreciation	1,415,019	108,949	105,704	38,971	1,668,643
Depreciation	9,003	2,536	1,141	0	12,680
Total Expenses	\$ 1,424,022	\$ 111,485	\$ 106,845	\$ 38,971	\$ 1,681,323

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, 2012

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, 2012

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.

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, 2012

Note 1 – Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation and amortization at August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Construction in progress	\$ 47,194	\$ 47,194
Leasehold improvements	161,576	160,367
Furniture and equipment	233,545	205,227
	442,315	412,788
Accumulated depreciation and amortization	(329,322)	(314,358)
Property and Equipment - Net	\$ 112,993	\$ 98,430

Note 3 – Deferred Revenue

The Theatre had received \$492,900 and \$435,571, respectively at August 31, 2012 and 2011, 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, 2012:

	<u>2012</u>	<u>2011</u>
Purpose Restrictions		
Drama Queens - Development	\$ 7,879	\$ 13,590
Capital Campaign	27,560	27,557
	\$ 35,439	\$ 41,147
Total	\$ 35,439	\$ 41,147

The North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2012

Note 5 – Commitments

The Theatre has several non-cancelable operating leases that expire at various dates through June 2013. The leases generally contain renewal options and require the Theatre to pay all executory costs such as taxes, maintenance and insurance. Rental expenses for those leases amounted to \$119,857 and \$113,750 for the years ended August 31, 2012 and 2011, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of August 31, 2012 amount to \$83,420 and \$-0- for the years ended August 31, 2013 and 2014, respectively.