

# Actor's Express, Inc.

Financial Statements

at

June 30, 2017 and 2016



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Actor's Express, Inc.  
Atlanta, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of Actor's Express, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the year ended June 30, 2017 and the eleven months ended June 30, 2016, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Actor's Express, Inc. as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the year and the eleven months then ended in accordance with accounting principles generally accepted in the United States of America.

January 26, 2018

**ACTOR'S EXPRESS, INC.**  
Statement of Financial Position  
June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Cash and Cash Equivalents	\$ 21,251	\$ 4,781
Pledges Receivable	5,199	75,199
Prepaid Expenses	40,836	22,661
Fixed Assets, Net	143,646	168,194
 Total Assets	 \$ 210,932	 \$ 270,835
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 23,350	\$ 23,437
Sales Taxes Payable	21,041	38,176
Unearned Subscription and Ticket Revenue	44,493	38,821
Advance from Board Member	62,117	68,617
 Total Liabilities	 151,001	 169,051
 Unrestricted Net Assets	 59,931	 101,784
 Total Liabilities and Net Assets	 \$ 210,932	 \$ 270,835

See Accompanying Notes

**ACTOR'S EXPRESS, INC.**

## Statement of Activities

For the Year Ended June 30, 2017 and the Eleven Months Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Net Assets:</b>		
Support and Revenue:		
Subscription and Ticket Sales	\$ 467,500	\$ 467,197
Individual Contributions	267,064	220,425
Corporate and Foundation Contributions	147,024	233,561
Government Grants	<u>80,333</u>	<u>49,400</u>
 Total Support and Revenue	 961,921	 970,583
 Expenses:		
Program - Theatre Productions, Sales and Marketing	816,751	735,903
Management and General	139,630	121,406
Fundraising	<u>47,393</u>	<u>34,111</u>
 Total Operating Expenses	 <u>1,003,774</u>	 <u>891,420</u>
 Increase (Decrease) in Unrestricted Net Assets	 (41,853)	 79,163
 Net Assets at Beginning of Year	 <u>101,784</u>	 <u>22,621</u>
 Net Assets at End of Year	 <u>\$ 59,931</u>	 <u>\$ 101,784</u>

See Accompanying Notes

**ACTOR'S EXPRESS, INC.**  
Statement of Cash Flows  
For the Year Ended June 30, 2017 and the Eleven Months Ended June 30, 2016

	2017	2016
<b>Cash Flows from Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ (41,853)	\$ 79,163
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	24,548	22,502
Non Cash Contribution from Board Member	(2,500)	(5,383)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Pledges Receivable	70,000	(68,012)
Prepaid Expenses	(18,175)	1,641
Increase (Decrease) in Liabilities:		
Accounts Payable	(87)	(24,463)
Sales Tax Payable	(17,135)	(3,346)
Unearned Subscription and Ticket Revenue	<u>5,672</u>	<u>(5,809)</u>
Net Cash Provided by (Used in) Operating Activities	20,470	(3,707)
<b>Cash Flows from Financing Activities:</b>		
Repayment of Advance from Board Member	<u>(4,000)</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>(4,000)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	16,470	(3,707)
Cash and Cash Equivalents at Beginning of Year	<u>4,781</u>	<u>8,488</u>
Cash and Cash Equivalents at End of Year	<u>\$ 21,251</u>	<u>\$ 4,781</u>

See Accompanying Notes

**ACTOR'S EXPRESS, INC.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017 and the Eleven Months Ended July 31, 2016

**Note 1 - Organization and Summary of Significant Accounting Policies**

*Nature of Business*

Actor's Express, Inc. ("Theatre") is an independent not-for-profit theatre company located in Atlanta, Georgia. The mission of the Theatre is to challenge and reflect contemporary human experiences in an inclusive environment. The Theatre seeks to jumpstart individual transformations through the shared adventure of its live performances, which range from daringly provocative to audaciously hilarious.

The Theatre is funded in part through private foundations, individual and corporate contributions, and state and local government grants.

*Basis of Accounting*

Basis of accounting refers to the manner in which revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are presented on the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

*Basis of Presentation*

The Theatre reports information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Assets* - net assets that are not subject to donor imposed stipulations.
- *Temporarily Restricted Net Assets* - net assets subject to donor-imposed stipulations that will be met either by actions of the Theatre and / or the passage of time.
- *Permanently Restricted Net Assets* - net assets subject to donor-imposed stipulations that are to be maintained permanently by the Theatre. Generally, the donors of permanently restricted net assets permit the Theatre to use all or part of the income earned on the related investments for general or specific purposes.

As of June 30, 2017 and 2016, the Theatre had no temporarily or permanently restricted net assets.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**ACTOR'S EXPRESS, INC.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017 and the Eleven Months Ended July 31, 2016

**Note 1 - Organization and Summary of Significant Accounting Policies - continued**

*Tax Status*

The Theatre is a not-for-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made. The Theatre believes it has appropriate support for any tax positions taken and therefore does not have any uncertain tax positions that are material to the financial statements.

*Fair Value of Financial Instruments*

Cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable, sales and payroll taxes payable, and unearned subscription and ticket revenue are carried at amounts which approximate their fair value due to the short-term nature of these instruments.

*Expendable Restricted Resources*

The Theatre reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. All cash contributions are considered to be available for unrestricted use unless specifically restricted by donor.

The Theatre reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Theatre reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

*Functional Allocation of Expenses*

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

**ACTOR'S EXPRESS, INC.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017 and the Eleven Months Ended July 31, 2016

**Note 1 - Organization and Summary of Significant Accounting Policies - continued**

*Cash and Cash Equivalents*

Cash and cash equivalents represent funds without legal restrictions on hand or on deposit with financial institutions that are available for use within a thirty-day period.

*Pledges Receivable*

Unconditional pledges receivable are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional pledges receivable are recognized only when the conditions are substantially met and the pledges become unconditional.

*Fixed Assets*

The Theatre capitalizes all assets that have a useful life greater than one year and a value of \$1,000 or more. Fixed assets consist of leasehold improvements, equipment, furniture, fixtures and software which are stated at cost for assets purchased and at fair market value at date received for assets donated. Leasehold improvements are amortized over the life of the lease. Other assets are depreciated using the straight-line method over the estimated useful life of each asset. The Theatre uses five years as the estimated useful life of furniture, fixtures and software and five to fifteen years as the estimated useful life of equipment.

*Fiscal Year End Change*

The Theatre's Board of Directors elected to change its fiscal year end from July 31, to June 30, effective for the eleven months ended June 30, 2016. The change was made to allow the fiscal year and the production schedule to coincide.

*Advertising Costs*

The Theatre uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for year ended June 30, 2017 and the eleven months ended June 30, 2016 was \$92,119 and \$60,032, respectively.

*Sales Taxes*

The Theatre collects sales taxes from patrons and remits the amount to the State of Georgia. The Theatre reports ticket revenue net of sales taxes in its financial statements.

*Compensated Absences*

The Theatre recognizes the cost of compensated absences when paid rather than when incurred. The effect of the Theatre's policy is not material to the financial statements.



**ACTOR'S EXPRESS, INC.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017 and the Eleven Months Ended July 31, 2016

**Note 2 - Pledges Receivable**

At June 30, 2017 and 2016, the Theatre had unconditional pledges receivable in the amounts of \$5,199 and \$75,199, respectively. The pledges have not been discounted. Management, based on experience, has determined that no allowance for uncollectible pledges is required.

**Note 3 - Grant Conditions**

Notwithstanding audits by independent certified public accountants, all items included in this report remain subject to audit by the funding agencies or any other sources providing support. The final audit determination rests with the officials of the funding sources having authority to make and enforce grants.

**Note 4 – Fixed Assets**

Fixed assets consist of the following:

	2017	2016
Leasehold Improvements	\$ 333,299	\$ 333,299
Machinery and Equipment	153,942	153,942
Furniture and Fixtures	86,577	86,577
	573,818	573,818
Less: Accumulated Depreciation	(430,172)	(405,624)
Total Property and Equipment, Net	\$ 143,646	\$ 168,194

Depreciation expense was \$24,548 for the year ended June 30, 2017 and \$22,502 for the eleven months ended June 30, 2016.

**Note 5 – Unearned Subscription and Ticket Sales Revenue**

At June 30, 2017 and July 31, 2016, respectively, the Theatre had received \$44,493 and \$38,821 for advance subscription and ticket sales. As each production is presented, the portion of the advance sales collection pertaining to that production is recognized as revenue.

**ACTOR'S EXPRESS, INC.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017 and the Eleven Months Ended July 31, 2016

**Note 6 – Advances from Board Members**

The Theatre received an advance from a board member which is non-interest bearing and does not have scheduled principal repayments. The Theatre intends to repay the advance as surplus cash is available. The balance of the advance was \$62,117 and \$68,617 as of June 30, 2017 and 2016, respectively.

**Note 7 - Lease Commitments**

The Theatre leases its main stage, rehearsal and dressing rooms and office space under a lease agreement. The monthly minimum lease payment increased each year based on the Consumer Price Index from the previous calendar year. In July 2015, the Theatre extended the lease for three additional years beginning August 1, 2015 and terminating July 31, 2018. In June 2017, the Theatre extended the lease to add two twelve month periods. The lease extension contains the same incremental increase terms as the original lease. Rent for July 2016 was billed at the rate of \$4,763. The monthly rental rate for the eleven months ended June 30, 2017 is \$5,394.

The outstanding future lease commitments are as follows:

Year Ended June 30:

2018	\$ 76,014
2019	77,458
2020	79,938
2021	<u>6,420</u>
	<u>\$ 239,830</u>

In fiscal year 2017 and the eleven months June 30, 2016, the total lease payments for the theatre facility were \$64,097 and \$52,393, respectively.

**Note 8 - Subsequent Events**

Subsequent events are events or transactions that occur after the Statement of Financial Position date but through the date the financial statements were available to be issued. Management has evaluated subsequent events through January 26, 2018, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.