

COMMUNITY CIRCLE PLAYERS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Anibal & Company, P.C.

Certified Public Accountants

Okemos, Michigan

COMMUNITY CIRCLE PLAYERS, INC.

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Anibal & Company

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
4700 Ardmore Ave., Suite 101, Okemos, Michigan 48864

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Circle Players, Inc.

We have audited the accompanying financial statements of Community Circle Players, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses 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 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.

Auditor's 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 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 Community Circle Players, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anibal & Company, P.C.
Certified Public Accountants

August 8, 2017

COMMUNITY CIRCLE PLAYERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 96,681.85 | \$ 96,300.28 |
| Inventory | 386.82 | 412.89 |
| Prepaid Expenses | <u>20,060.91</u> | <u>21,604.73</u> |
| Total Current Assets | 117,129.58 | 118,317.90 |
| Property and Equipment | | |
| Equipment & Furnishings | 193,880.81 | 185,476.81 |
| Building Improvements | 1,273,046.72 | 1,273,046.72 |
| Building | 285,767.00 | 285,767.00 |
| Less: Accumulated Depreciation | <u>(949,642.43)</u> | <u>(880,714.34)</u> |
| Property and Equipment - Net | <u>803,052.10</u> | <u>863,576.19</u> |
| TOTAL ASSETS | <u>\$ 920,181.68</u> | <u>\$ 981,894.09</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 550.00 | \$ 1,932.61 |
| Interfund Transfers | (354.00) | (1,641.63) |
| Deferred Revenue | <u>34,765.58</u> | <u>23,374.42</u> |
| Total Current Liabilities | 34,961.58 | 23,665.40 |
| Net Assets | | |
| Unrestricted | 880,220.10 | 953,228.69 |
| Temporarily Restricted | <u>5,000.00</u> | <u>5,000.00</u> |
| Total Net Assets | <u>885,220.10</u> | <u>958,228.69</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 920,181.68</u> | <u>\$ 981,894.09</u> |

See accompanying notes to financial statements.

COMMUNITY CIRCLE PLAYERS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|-----------------------------|-----------------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| Revenue and Support | | |
| Box Office and Season Tickets | \$ 97,651.50 | \$ 117,381.00 |
| Contributions | 51,676.60 | 84,840.75 |
| Government Grants | 23,998.76 | 42,105.00 |
| Concessions | 5,012.31 | 7,354.76 |
| Advertising | 4,210.00 | 3,300.00 |
| Rents | 18,048.25 | 21,364.00 |
| Interest | 56.51 | 72.75 |
| Total Revenue and Support | <u>200,653.93</u> | <u>276,418.26</u> |
| Net Assets released from restrictions | 0.00 | 65,741.79 |
| Total Unrestricted Revenue and Support | <u>200,653.93</u> | <u>342,160.05</u> |
| Expenses | | |
| Program - Production Costs | 213,850.78 | 213,902.56 |
| Management and General | 59,234.93 | 57,750.26 |
| Fundraising | 576.81 | 649.00 |
| Total Expenses | <u>273,662.52</u> | <u>272,301.82</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | (73,008.59) | 69,858.23 |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions | | |
| Net Assets Released From Restrictions | 0.00 | (65,741.79) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | 0.00 | (65,741.79) |
| CHANGE IN NET ASSETS | (73,008.59) | 4,116.44 |
| NET ASSETS - BEGINNING | 958,228.69 | 954,112.25 |
| NET ASSETS - ENDING | \$ <u>885,220.10</u> | \$ <u>958,228.69</u> |

See accompanying notes to financial statements.

COMMUNITY CIRCLE PLAYERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | Program Services | Supporting Services | | Total | |
|--------------------------|----------------------|-------------------------|------------------|----------------------|----------------------|
| | | Management & General | Fundraising | 2017 | 2016 |
| Advertising | \$ 4,282.41 | \$ 0.00 | \$ 0.00 | \$ 4,282.41 | \$ 10,922.85 |
| Concessions | 2,153.35 | 0.00 | 0.00 | 2,153.35 | 2,705.81 |
| Credit Card Charges | 2,762.76 | 0.00 | 0.00 | 2,762.76 | 2,490.32 |
| Depreciation | 65,481.69 | 3,446.40 | 0.00 | 68,928.09 | 61,722.22 |
| Dues, Fees & Royalties | 18,934.52 | 809.15 | 0.00 | 19,743.67 | 16,541.79 |
| Employee Benefits | 1,968.48 | 1,968.48 | 0.00 | 3,936.96 | 7,638.63 |
| Insurance | 4,554.30 | 1,243.70 | 0.00 | 5,798.00 | 4,969.00 |
| Leased Equipment | 2,014.58 | 223.84 | 0.00 | 2,238.42 | 2,450.24 |
| Maintenance | 13,049.80 | 686.83 | 0.00 | 13,736.63 | 15,394.21 |
| Payroll Taxes | 2,543.47 | 2,543.47 | 0.00 | 5,086.94 | 4,840.80 |
| Postage & Printing | 8,045.43 | 1,165.32 | 576.81 | 9,787.56 | 9,175.59 |
| Production Costs | 16,758.77 | 0.00 | 0.00 | 16,758.77 | 19,229.92 |
| Professional Fees | 0.00 | 6,850.00 | 0.00 | 6,850.00 | 6,287.43 |
| Rent - Building | 6,400.00 | 0.00 | 0.00 | 6,400.00 | 4,000.00 |
| Salaries | 33,248.09 | 33,248.08 | 0.00 | 66,496.17 | 63,278.37 |
| Scholarships | 5,000.00 | 0.00 | 0.00 | 5,000.00 | 5,000.00 |
| Subscriptions & Scripts | 1,221.34 | 0.00 | 0.00 | 1,221.34 | 1,274.09 |
| Supplies & Miscellaneous | 6,426.52 | 2,932.05 | 0.00 | 9,358.57 | 11,138.53 |
| Telephone | 2,387.36 | 2,387.36 | 0.00 | 4,774.72 | 4,839.67 |
| Trash Removal | 1,045.68 | 0.00 | 0.00 | 1,045.68 | 1,405.48 |
| Utilities | 15,572.23 | 1,730.25 | 0.00 | 17,302.48 | 16,996.87 |
| | <u>\$ 213,850.78</u> | <u>\$ 59,234.93</u> | <u>\$ 576.81</u> | <u>\$ 273,662.52</u> | <u>\$ 272,301.82</u> |

See accompanying notes to financial statements.

COMMUNITY CIRCLE PLAYERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (73,008.59) | \$ 4,116.44 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 68,928.09 | 61,722.22 |
| (Increase) Decrease in Operating Assets: | | |
| Pledges Receivable | 0.00 | 0.00 |
| Inventory | 26.07 | 138.82 |
| Prepaid Expense | 1,543.82 | 8,310.77 |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable | (1,382.61) | (15,526.27) |
| Interfund Transfers | 1,287.63 | 1,641.63 |
| Deferred Revenue | <u>11,391.16</u> | <u>(9,329.21)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 8,785.57 | 51,074.40 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Equipment, Furniture & Improvements | <u>(8,404.00)</u> | <u>(132,207.35)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 381.57 | (81,132.95) |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>96,300.28</u> | <u>177,433.23</u> |
| CASH AND CASH EQUIVALENTS - END | <u>\$ 96,681.85</u> | <u>\$ 96,300.28</u> |

See accompanying notes to financial statements.

COMMUNITY CIRCLE PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Circle Players, Inc. (the Organization) was formed on July 11, 1958 as a non-profit domestic corporation in Michigan and has received exempt status from federal income taxes as an organization that is not a private foundation. The Organization's mission is to provide resources for community theater productions. This is accomplished through the theatrical productions of Riverwalk Theatre. The Organization's support comes primarily from admission, program advertising, membership and concession fees related to the Riverwalk Theatre and from contributions and government grants.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Organization 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 Organization has no permanently restricted assets.

Estimates

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

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers certificates of deposit and all highly liquid investments with original maturities of three months or less to be cash equivalents. Fair values approximate the carrying amounts.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from capital campaign outstanding balances in less than one year. Based on management's assessment of contributors having outstanding balances, it has been concluded that any realized losses on balances outstanding at year-end will be immaterial.

COMMUNITY CIRCLE PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of concession items held for resale and is stated at the lower of cost (first-in, first-out) or market.

Property and Equipment

The Organization's policy is to capitalize all expenditures for property and equipment in excess of \$500. Lesser amounts are expensed. Purchased property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over estimated useful lives ranging from five to forty years.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. The Organization received no permanently restricted contributions.

Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in all aspects of the theatre's productions. No amounts have been recognized in the statement of activities as the criteria for recognition under generally accepted accounting principles have not been satisfied.

Advertising Expense

The Organization expenses advertising costs as incurred.

Interest and Taxes

There were no amounts paid for interest and taxes for the years ended June 30, 2017 and June 30, 2016 respectively.

COMMUNITY CIRCLE PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

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

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, the Organization's advertising revenue is specifically excluded from this code section and is subject to taxation. Federal income tax was not required on advertising revenue for the years ending June 30, 2017 and June 30, 2016. The organization is not classified as a private foundation.

Tax Positions

The Organization recognizes tax positions only to the extent it is "more likely than not" that its tax positions will be sustained upon IRS examination. The Organization believes that it has no uncertain tax positions for the years ended June 30, 2017 and June 30, 2016 respectively.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, change in assets, or cash flows. Accordingly, the Organization has not recorded any related accruals for uncertain tax positions for the years ended June 30, 2017 and June 30, 2016 respectively.

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for years ending prior to June 30, 2011.

Fair Value Disclosure

The Organization's significant financial instruments reported in the statements of financial position for cash and cash equivalents approximate fair values due to the short maturities of these instruments.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts for the Capital Development Fund and The Costume Shop Account, which are restricted for building renovations and costumes respectively. Donor restrictions for the periods ending June 30, 2017 and June 30, 2016 were \$5,000.00 and \$5,000.00 respectively.

COMMUNITY CIRCLE PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. LEASE OBLIGATIONS

Operating Leases

The Organization entered a 60 month lease agreement on March 5, 2014 to lease a copier with monthly payments of \$156.60. The lease expires on March 4, 2019. Other charges apply on a per usage basis.

Minimum future lease payments under non-cancelable operating leases as of June 30, 2017 are as follows:

| <u>Year Ending</u> | <u>Copier</u> |
|--------------------|--------------------|
| June 30, 2018 | \$ 1,879.20 |
| June 30, 2019 | <u>1,252.80</u> |
| Total | \$ <u>3,132.00</u> |

Minimum future lease payments under non-cancelable operating leases as of June 30, 2017 totaled \$5,011.20. Total lease expense for equipment during the periods ending June 30, 2017 and June 30, 2016 were \$2,238.42 and \$2,450.24 respectively .

4. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 8, 2017, the date which the financial statements were available to be issued.