

VILLAGE THEATRE

Financial Statements

For the Year Ended August 31, 2016

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Independent Auditor's Report

**To the Board of Directors
Village Theatre
Issaquah, Washington**

We have audited the accompanying financial statements of Village Theatre (the Theatre) which comprise the statement of financial position as of August 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit 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 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 Theatre'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 Theatre'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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Theatre as of August 31, 2016, and its activities and changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented on page 14, 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.

Report on Summarized Comparative Information

We have previously audited the Theatre's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber P S

Certified Public Accountants
November 15, 2016

VILLAGE THEATRE

Statement of Financial Position

August 31, 2016

(With Comparative Totals for 2015)

	2016	2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,224,175	\$ 2,237,490
Reserved cash (Note 8)	144,035	131,580
Cash held for others	6,347	3,152
Accounts receivable	38,050	65,661
Pledges receivable, net (Note 3)	156,921	116,899
Grants receivable	267,640	299,680
Deferred production costs	934,962	807,150
Other current assets	80,212	106,859
Total Current Assets	3,852,342	3,768,471
Long-term pledges receivable (Note 3)	48,962	13,816
Pledges and grants restricted for long-term purposes (Note 3)	557,014	505,428
Property and equipment, net of accumulated depreciation (Note 4)	10,694,493	10,535,788
Other long-term assets	20,946	23,201
Total Assets	\$ 15,173,757	\$ 14,846,704
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 176,110	\$ 137,607
Accrued wages and taxes	252,180	231,541
Deposits held in custody for others	6,347	3,152
Deferred revenue	4,299,403	3,959,332
Current portion of long-term debt (Note 5)	127,960	122,115
Total Current Liabilities	4,862,000	4,453,747
Long-term debt, less current portion (Note 5)	1,918,460	2,044,686
Total Liabilities	6,780,460	6,498,433
Net Assets:		
Unrestricted	8,088,783	8,017,576
Temporarily restricted (Note 1)	288,083	314,264
Permanently restricted (Note 1)	16,431	16,431
Total Net Assets	8,393,297	8,348,271
Total Liabilities and Net Assets	\$ 15,173,757	\$ 14,846,704

See accompanying notes.

VILLAGE THEATRE

Statement of Activities and Changes in Net Assets For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

	Unrestricted	2016		Permanently Restricted	Total	2015 Total
		Temporarily Restricted Additions	Releases			
Revenue and Support:						
Revenue-						
Ticket sales	\$ 7,330,056	\$ -	\$ -	\$ -	\$ 7,330,056	\$ 7,304,604
Tuition	866,410				866,410	820,914
Leases and other income	707,655				707,655	704,963
Management fees (Note 7)	292,135				292,135	287,534
Interest income	2,514				2,514	2,197
Total revenue	9,198,770				9,198,770	9,120,212
Support-						
Corporate sponsorships and contributions	269,273	110,000	(97,500)		281,773	251,076
Patron contributions	931,836	102,671	(16,700)		1,017,807	978,041
Foundation support	132,451	7,500	(72,500)		67,451	63,580
Government grants	244,425	20,516	(44,750)		220,191	256,875
Fundraising events, gross (Note 6)	594,171	2,500	(5,000)		591,671	509,005
ArtsFund	93,580				93,580	90,660
In-kind (Note 1)	190,948	16,000	(50,370)		156,578	166,904
Total support	2,456,684	259,187	(286,820)		2,429,051	2,316,141
Total Revenue and Support	11,655,454	259,187	(286,820)		11,627,821	11,436,353
Expenses:						
Production and program	9,758,942				9,758,942	9,626,419
General and administrative	843,310				843,310	844,271
Fundraising	798,333				798,333	739,624
Total Expenses	11,400,585				11,400,585	11,210,314
Change in Net Assets Before						
Depreciation and Capital Campaign	254,869	259,187	(286,820)		227,236	226,039
Depreciation	(448,159)				(448,159)	(438,486)
Capital Campaign:						
Corporate contributions	4,425				4,425	103,708
Patron contributions	61,728				61,728	161,843
Foundation support	25,000				25,000	
Government grants	175,000				175,000	
Interest income	309	1,452			1,761	2,602
Capital campaign expense	(1,965)				(1,965)	(1,865)
Total Capital Campaign	264,497	1,452			265,949	266,288
Total Change in Net Assets	71,207	260,639	(286,820)		45,026	53,841
Combining of temporarily restricted columns		(286,820)	286,820			
Total Change in Net Assets	71,207	(26,181)			45,026	53,841
Net Assets:						
Net assets, beginning of year	8,017,576	314,264		16,431	8,348,271	8,294,430
End of Year	\$ 8,088,783	\$ 288,083	\$ -	\$ 16,431	\$ 8,393,297	\$ 8,348,271

See accompanying notes.

VILLAGE THEATRE

Statement of Cash Flows For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

	2016	2015
Operating Activities:		
Change in net assets	\$ 45,026	\$ 53,841
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	448,159	438,486
Amortization of loan fees	2,255	3,951
Contributions classified as financing activities	(266,153)	(265,551)
Cash provided (used) by changes in operating assets and liabilities:		
Cash held for others	(3,195)	204
Reserved cash	(12,455)	(32,735)
Accounts receivable	27,611	(17,329)
Pledges receivable	(75,168)	188,237
Grants receivable	32,040	(135,520)
Deferred production costs	(127,812)	55,808
Other assets	26,647	(6,546)
Accounts payable	38,503	(22,172)
Accrued wages and taxes	20,639	14,136
Deposits held in custody for others	3,195	(204)
Deferred revenue	340,071	81,151
Net Cash Provided by Operating Activities	499,363	355,757
Cash Flows From Investing Activities:		
Purchase of property and equipment and other long-term assets	(606,864)	(216,238)
Net Cash Used in Investing Activities	(606,864)	(216,238)
Cash Flows From Financing Activities:		
Principal payments on long-term debt	(120,381)	(308,417)
Proceeds from contributions restricted for long-term purposes	214,567	301,580
Net Cash Provided by (Used in) Financing Activities	94,186	(6,837)
Net Change in Cash and Cash Equivalents	(13,315)	132,682
Cash and cash equivalents, beginning of year	2,237,490	2,104,808
Cash and Cash Equivalents, End of Year	\$ 2,224,175	\$ 2,237,490
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 104,009	\$ 115,237

See accompanying notes.

VILLAGE THEATRE

Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 1 - Organization and Significant Accounting Policies

Organization - Village Theatre (the Theatre) is a Washington nonprofit corporation that produces live dramatic performances in Issaquah and Everett, Washington. It is the Theatre's mission to be a regionally recognized and nationally influential center of excellence in family theatre by promoting a season of top quality productions, commissioning and producing new musicals that achieve national exposure, training young people in theatre skills, developing appreciation for live theatre and promoting positive values through art.

Basis of Presentation - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Theatre and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. The Theatre's unrestricted net assets result from transactions for services and programs sponsored by the Theatre and receipt of unrestricted grants and gifts.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Theatre and/or the passage of time. It is the Theatre's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net assets class category. Temporarily restricted net assets at August 31 are held for the following:

	2016	2015
Operations and productions	\$ 156,516	\$ 159,120
Restricted for use in future periods	116,487	141,516
Accumulated unspent earnings on endowment	15,080	13,628
	<u>\$ 288,083</u>	<u>\$ 314,264</u>

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Theatre. The Theatre's permanently restricted net assets consist of a general endowment created by donors to help provide financial stability.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Allocation of Functional Expenses - Certain costs incurred by the Theatre have been allocated among production and program, general and administrative, and fundraising based on estimates and evaluations made by management.

Cash and Cash Equivalents - The Theatre considers cash and cash equivalents to include all highly liquid investments purchased with an original maturity of three months or less.

VILLAGE THEATRE

Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 1 - Continued

Receivables - Accounts, pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts, pledges or grants receivable. There was no valuation allowance for accounts or grants receivable at August 31, 2016 and 2015. See Note 3 for allowance for doubtful accounts for pledges receivable.

Property and Equipment - The Theatre's buildings and improvements, furniture and equipment, and vehicles are stated at cost if purchased, or fair market value on the date of receipt if contributed. All property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 25 years. Buildings are depreciated on a straight-line basis over 40 to 50 years. Leasehold improvements are depreciated over the remaining life of the lease.

The Theatre capitalizes property and equipment with individual costs in excess of \$1,000 and a useful life extending beyond one year. All other property and equipment not meeting these criteria is expensed as incurred.

Deferred Revenue and Production Costs - Advanced ticket sales and the related production costs are deferred and recognized as income and expense as performances are staged. Deferred revenue also includes approximately \$78,000 in unredeemed gift certificates.

Financial Instruments and Credit Risk Concentration - The Theatre holds substantially all of its cash and cash equivalents with financial institutions with balances that may, at times, exceed federally insured deposit limits. The Theatre monitors the viability of the financial institutions on a regular basis.

At August 31, 2016, 20% of the Theatre's pledges receivable balance outstanding was from one donor and there was no concentration in contributed support. At August 31, 2015, 23% of the Theatre's pledges receivable balance outstanding was from two donors and there was no concentration in contributed support.

In-Kind Contributions - A substantial number of volunteers, including members of the Board of Directors, have made significant contributions of time to the Theatre. The value of this contributed time does not meet the criteria for recognition under current accounting standards, and accordingly, is not reflected in the accompanying financial statements. Certain professional services, formally documented and charged to the relevant projects, are recorded in the accompanying financial statements. These services are primarily for performer travel, fundraising, printing and advertising, and are valued based on what the Theatre would have paid for these services in the market had they not been contributed. Contributions of materials recorded in the current year, based on the market values at the time of contribution, have also been recorded. Donated materials consist primarily of food donated for special events, computers, office furniture, and fundraising materials.

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Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 1 - Continued

The value of donated goods and services included in the financial statements and the corresponding expenses for the years ended August 31, are as follows:

	2016	2015
Donated professional services	\$ 126,369	\$ 132,875
Donated materials	30,209	34,029
	<u>\$ 156,578</u>	<u>\$ 166,904</u>

Advertising - The Theatre expenses advertising costs as they are incurred. Total advertising expense for the years ended August 31, 2016 and 2015, was \$812,139 and \$745,804 respectively.

Federal Income Taxes - The Internal Revenue Service (IRS) has determined that the Theatre is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Theatre files income tax returns with the U.S. government.

Intermediate Measure of Change in Net Assets - The intermediate measure of the change in net assets displayed on the statement of activities and changes in net assets does not include noncash depreciation and capital campaign activity.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Information for Prior Year - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Theatre's financial statements for the year ended August 31, 2015, from which the summarized information was derived.

Subsequent Events - The Theatre has evaluated subsequent events through November 15, 2016, the date on which the financial statements were available to be issued.

Note 2 - Capital and Endowment Fund Campaign

Beginning in August 31, 2005, the Theatre began a capital campaign. The campaign goal as of August 31, 2016 is \$10 million. As of August 31, 2016 and 2015, \$9,797,339 and \$9,744,587, respectively, had been pledged or given towards that goal. The campaign proceeds were used to purchase land and build new scene, prop and paint shops (Technical Studios) in 2007, reconstruct First Stage in 2011, convert an Everett City building into a theatre and education facility (Cope Gillette Theatre) in 2013 and cover the cost of the campaign.

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Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 2 - Continued

The Theatre's endowment consists of donor-restricted funds established for Village Originals and operations, and includes \$16,431 of permanently restricted net assets and \$15,080 of temporarily restricted accumulated unspent earnings (Note 1). During the year ended August 31, 2016, the Theatre launched an endowment campaign as part of the Board's long-term strategic plan to grow the endowment to help provide future financial stability. The goal for this endowment campaign is \$14 million.

Note 3 - Pledges Receivable

Pledges receivable are unconditional promises to give. Pledges for investment in long-term assets are classified as long-term on the statement of financial position regardless of how soon they are expected to be collected. Long-term pledges are discounted in the year they are received. Discount rates were approximately 1% for the years ended August 31, 2016 and 2015, and ranged from 1% to 2% for all pledges received in prior years.

Future collections of pledges receivable at August 31 are expected as follows:

	2016	2015
Receivables due in less than one year	\$ 543,165	\$ 303,163
Receivables due in two to five years	249,382	366,654
Less allowance for doubtful pledges	(25,500)	(25,500)
Less present value discount	(4,150)	(8,174)
Total Pledges Receivable	<u>\$ 762,897</u>	<u>\$ 636,143</u>

Reconciliation to amounts on the statement of financial position:

	2016	2015
Current pledges receivable	\$ 156,921	\$ 116,899
Long-term pledges receivable	48,962	13,816
Pledges and grants restricted for long-term purposes	557,014	505,428
Total Pledges Receivable	<u>\$ 762,897</u>	<u>\$ 636,143</u>

VILLAGE THEATRE

Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 4 - Property and Equipment

Property and equipment is comprised of the following at August 31:

	2016	2015
Land	\$ 1,848,762	\$ 1,466,213
Buildings and improvements	11,934,128	11,885,585
Theatre equipment	1,665,740	1,567,789
Office equipment, furniture and fixtures	1,023,107	984,141
Automobiles	6,922	6,922
Construction in progress	4,200	
	16,482,859	15,910,650
Less accumulated depreciation	(5,788,366)	(5,374,862)
Total Property and Equipment, Net	<u>\$ 10,694,493</u>	<u>\$ 10,535,788</u>

Note 5 - Line of Credit and Notes Payable

Line of Credit - The Theatre has a line of credit agreement with a bank for \$800,000. The interest rate for all borrowed amounts against the line of credit is a variable rate of prime plus 1% with a floor of 4.5% (interest rate was 4.5% at August 31, 2016), and the line is secured by a deed of trust on the Technical Studio. The line of credit agreement matures in July 2017. The Theatre did not have an outstanding balance at August 31, 2016 and 2015.

Notes Payable - The Theatre holds a note payable in the initial amount of \$2,845,000. The note is payable in monthly installments of \$18,533 including interest of 4.75%. The interest rate is fixed for the first five years and then is subject to an adjustment based on the five year Constant Maturity Treasury rate plus 3.5%. The note is secured by a deed of trust on the Theatre building. The balance is due in July 2022. The outstanding balance at August 31, 2016 and 2015 is \$2,046,420 and \$2,166,801, respectively. The note contains restrictive covenants which include, but are not limited to, the achievement of certain financial ratios on a quarterly or annual basis.

Future principal payments on the note payable are as follows:

For the Year Ending August 31,

2017	\$ 127,960
2018	134,172
2019	140,686
2020	147,516
2021	154,678
Thereafter	1,341,408
	<u>\$ 2,046,420</u>

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Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 6 - Fund-Raising Events

The Theatre conducted the following major fund-raising events during the years ended August 31:

	Gala and Auction	Sing It Forward	2016 Total	2015 Total
Gross revenues	\$ 456,208	\$ 137,963	\$ 594,171	\$ 504,005
Event expenses	<u>(117,342)</u>	<u>(19,640)</u>	<u>(136,982)</u>	<u>(140,166)</u>
Excess of Fund-Raising Revenues Over Expenses	<u>\$ 338,866</u>	<u>\$ 118,323</u>	<u>\$ 457,189</u>	<u>\$ 363,839</u>

The expenses above do not account for all fundraising expenses incurred by the Theatre for the years ended August 31, 2016 or 2015, and the revenues represent only the unrestricted revenues associated with the event.

Note 7 - Everett Performing Arts Center

In September 2014, the Theatre renewed an agreement with the City of Everett (the City) to carry out the administrative duties of running the Everett Performing Arts Center (the Center), along with presenting a season of its own theatrical productions at the Center. The terms of the agreement provide the Theatre with annual management service fees of \$287,534 from the date of the renewal through the year ended August 31, 2018, and inflation adjusted amounts for subsequent years (\$292,135 for the year ended August 31, 2016). The City has agreed to pay the service fees to the Theatre in monthly installments through August 2018.

Any third-party rental revenue collected by the Theatre will be remitted to the City, including rent paid by the Theatre for its performances in the facility, and is included as cash held for others on the accompanying statement of financial position. Additional labor and service charges billed to third parties are retained by the Theatre.

Note 8 - Commitments and Contingencies

Operating Leases - The Theatre has several operating leases for office space and equipment, storage and a parking lot, which expire through 2020, or are on a month-to-month basis. Total rental expense for the years ended August 31, 2016 and 2015, was \$210,449 and \$186,179, respectively.

At August 31, 2016, future minimum rental payments under all noncancelable operating leases are as follows:

For the Year Ending August 31,

2017	\$ 52,205
2018	52,205
2019	51,323
2020	<u>51,323</u>
	<u>\$ 207,056</u>

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Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 8 - Continued

Tenant Leases - The Theatre has tenants who lease office space, retail space and wireless communication antennae at the Francis J. Gaudette Theatre, with terms that expire through 2021. Total rental revenue for the years ended August 31, 2016 and 2015, was \$191,851 and \$174,133, respectively.

At August 31, 2016, future minimum rental receipts for the next five years under all noncancelable operating leases are as follows:

For the Year Ending August 31,

2017	\$ 155,937
2018	158,394
2019	160,924
2020	154,852
2021	<u>133,118</u>
	<u><u>\$ 763,225</u></u>

Pension Plan - The Theatre maintains an employee self-directed retirement plan (the Plan) under Internal Revenue Code Section 403(b) which covers employees who meet certain eligibility requirements. The Theatre matches 50% of employee contributions up to 3% of the employees' base salary. During the years ended August 31, 2016 and 2015, employer contributions of \$46,249 and \$41,129, respectively, were contributed to the Plan.

Performer Contracts - The Theatre has entered into noncancelable contracts with performers for productions through May 2017. Future payments committed to under these contracts, which are contingent on services being provided by the performers, amount to \$70,950 and \$67,585 at August 31, 2016 and 2015, respectively.

Labor Contracts - The Theatre signed a four-year agreement with the Actors' Equity Association, effective July 29, 2013, which specifically details wage and benefit rates and other requirements. Under this agreement the Theatre has an obligation to pay a pension contribution of 8.0% of negotiated salaries to Actors' Equity Association union members. As part of the contract, the Theatre is also required to secure cash reserves equal to a defined percentage of season salary contracts. These amounts were \$144,035 and \$131,580 at August 31, 2016 and 2015, respectively, for the 2016/2017 and 2015/2016 seasons, and are reported as reserved cash on the statement of financial position.

The Theatre negotiated an agreement with the American Federation of Musicians Local 76-493, effective August 15, 2015 through August 14, 2019. This agreement establishes escalating wage and benefit rates for the musicians. Under the Musicians' Union agreement, the Theatre has an obligation to pay a pension contribution of 8.72% of salaries for both union and nonunion musicians.

The Theatre signed a three year agreement with the IATSE Local 15 and 887 effective August 31, 2015. Under this agreement, the Theatre has an obligation to pay pension contributions of 4% of the salaries of union members. This contract is effective through August 26, 2018.

At August 31, 2016, 42 percent of the Theatre's total labor force is covered by one of the collective bargaining agreements described above, including 12 percent of the labor force operating under the Actors' Equity Association agreement, which expires within the next year.

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Notes to Financial Statements For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

Note 9 - Expenses on a Functional Basis

Expenses on a fully functional basis as defined by U.S. GAAP for the years ended August 31 are as follows:

	<u>2016</u>	<u>2015</u>
Production and program	\$ 10,139,355	\$ 9,995,641
General and administrative	900,244	902,348
Fundraising	<u>811,110</u>	<u>752,676</u>
	<u><u>\$ 11,850,709</u></u>	<u><u>\$ 11,650,665</u></u>

Note 10 - Related Party

During the year ended August 31, 2016, the Theatre entered into a deposit relationship with a local bank. The incoming board president is a Vice President at the bank.

SUPPLEMENTARY INFORMATION

VILLAGE THEATRE

Statement of Functional Expenses For the Year Ended August 31, 2016 (With Comparative Totals for 2015)

	Production and Program	General and Administrative	Fundraising	2016 Total	2015 Total
Salaries and employee benefits	\$ 6,429,496	\$ 453,088	\$ 503,346	\$ 7,385,930	\$ 7,185,139
Advertising and public relations	770,462	2,705	38,972	812,139	745,804
Rights and royalties	594,439		273	594,712	714,530
Facility rental and maintenance	378,438	47,771	3,836	430,045	385,895
Box office and front of house	377,056			377,056	350,990
Travel and entertainment	260,080	16,586	80,688	357,354	314,219
Sets and costumes	345,173			345,173	429,122
Charge card discounts	162,139	9,071	8,723	179,933	170,642
Supplies	123,960	19,150	5,471	148,581	172,205
Utilities	122,012	11,394	2,911	136,317	135,528
Event catering and supplies			125,154	125,154	110,088
Interest and loan fees	1,079	114,342	250	115,671	128,887
Data processing	8,874	95,756	353	104,983	91,603
Training and dues	24,498	21,393	7,729	53,620	42,529
Insurance	42,829	7,290	1,567	51,686	55,822
Professional fees		31,445		31,445	32,767
Telephone	20,027	2,481	462	22,970	30,819
Postage	16,315	1,502	2,520	20,337	18,955
Change in estimate of allowance for doubtful accounts			14,485	14,485	9,230
Taxes	235	6,487		6,722	7,529
Printing	2,430	637	1,547	4,614	4,758
Equipment rental	2,217	143	46	2,406	2,372
Miscellaneous	77,183	2,069		79,252	70,881
Total Expenses Before Depreciation and Capital Campaign Expenses	9,758,942	843,310	798,333	11,400,585	11,210,314
Depreciation	380,413	56,934	10,812	448,159	438,486
Capital campaign expenses			1,965	1,965	1,865
Total Functional Expenses	\$ 10,139,355	\$ 900,244	\$ 811,110	\$ 11,850,709	\$ 11,650,665

See independent auditor's report.