

Theater for the New City Foundation, Inc.  
Financial Statements  
June 30, 2008

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Independent Auditor's Report

To the Board of Directors  
of Theater for the New City Foundation, Inc.

I have audited the accompanying statement of financial position of Theater for the New City Foundation, Inc., as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted 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 from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theater for the New City Foundation, Inc., as of June 30, 2008, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



December 1, 2008

**Theater for the New City Foundation, Inc.**  
**Statement of Financial Position**  
**June 30, 2008**

<b>Assets</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets			
Cash	\$ 107,806	\$ -	\$ 107,806
Prepaid expenses	350	-	350
Grants and contributions receivable	60,600	-	60,600
	<hr/>		<hr/>
	168,756		168,756
Deferred Finance Costs	1,361	-	1,361
Property and Equipment	1,909,184	-	1,909,184
	<hr/>		<hr/>
	\$ 2,079,301	\$ -	\$ 2,079,301
	<hr/>		<hr/>
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 15,444	\$ -	\$ 15,444
Unearned rental income	8,750	-	8,750
Current portion of long - term debt	18,484	-	18,484
	<hr/>		<hr/>
	42,678		42,678
Mortgage payable, net of current portion	162,661	-	162,661
Loan payable - truck	9,600	-	9,600
	<hr/>		<hr/>
	214,939	-	214,939
Net Assets			
Unrestricted	1,864,362	-	1,864,362
Temporarily restricted			
	<hr/>		<hr/>
	1,864,362	-	1,864,362
	<hr/>		<hr/>
	\$ 2,079,301	\$ -	\$ 2,079,301
	<hr/>		<hr/>

See notes to these financial statements and independent auditor's report.

**Theater for the New City Foundation, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
	\$	\$	\$
Contributions and grants			
Government agencies	81,600	-	81,600
Foundations	234,939	-	234,939
Corporations	9,240	-	9,240
Individuals	87,248	-	87,248
	413,027	-	413,027
Program service income			
Box office receipts	134,102	-	134,102
Rental income	109,804	-	109,804
Interest	1,460	-	1,460
Other	22,962	-	22,962
	268,328	-	268,328
Net assets released from restrictions	45,000	(45,000)	-
Total support and revenue	726,355	(45,000)	681,355
<b>Expenses</b>			
Program services			
Resident theater	305,462	-	305,462
Presenting theater	114,454	-	114,454
Street theater	91,083	-	91,083
Community festival	53,470	-	53,470
Arts in education	35,142	-	35,142
	599,612	-	599,612
Supporting services:			
General and administrative	125,527	-	125,527
Fund-raising	31,283	-	31,283
	156,810	-	156,810
Total expenses	756,422	-	756,422
Decrease in net assets	(30,067)	(45,000)	(75,067)
Beginning net assets	1,894,429	45,000	1,939,429
Ending net assets	\$ 1,864,362	\$ -	\$ 1,864,362

See notes to these financial statements and independent auditor's report.

**Theater for the New City Foundation, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

**Cash Flows from Operating Activities**

Decrease in net assets	\$ (75,067)
Adjustment to increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	68,123
Decrease in:	
Grants and contributions receivable	14,400
Prepaid expenses	950
Increase in:	
Accounts payable and accrued expenses	2,257
Unearned rental income	4,750
Net cash provided by operating activities	15,413

**Cash Flows from Financing Activities**

Mortgage payment	(15,365)
Increase in Cash	48
Beginning Cash	107,758
Ending Cash	\$ 107,806

See notes to these financial statements and independent auditor's report.

**Theater for the New City Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2008**

	<u>Program Services</u>						<u>Supporting Services</u>		
	<u>Resident Theater</u>	<u>Presenting Theater</u>	<u>Street Theater</u>	<u>Community Festival</u>	<u>Arts in Education</u>	<u>Program Total</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>
Salaries and related expenses	\$ 34,056	\$ 12,771	\$ 6,811	\$ 5,960	\$ 8,514	\$ 68,112	\$ 8,514	\$ 8,514	\$ 85,140
Payroll taxes	3,415	1,281	683	598	854	6,830	854	854	8,538
Payroll processing	1,292	485	258	226	323	2,584	323	323	3,230
Benefits	-	-	-	-	662	662	-	-	662
Performers	33,530	34,201	21,193	1,902	-	90,826	-	-	90,826
Directors, designers and mentors	13,830	2,270	6,200	1,525	1,850	25,675	-	-	25,675
Technical	13,110	5,325	8,561	1,805	8,853	37,654	-	-	37,654
Administrative	24,708	1,520	-	1,250	300	27,778	8,510	-	36,288
Playwright fees	6,050	500	-	-	-	6,550	-	-	6,550
Other production personnel	617	617	617	617	-	2,468	-	-	2,468
Production	14,367	2,473	7,963	5,327	-	30,130	-	-	30,130
Travel and transportation	203	100	4,450	269	-	5,022	4,379	-	9,401
Printing and photocopy	4,280	264	2,110	3,000	-	9,654	-	-	9,654
Postage and mailings	1,219	774	1,567	1,533	-	5,093	699	-	5,792
Publicity and advertising	26,521	13,814	4,886	10,317	-	55,538	-	-	55,538
Utilities	31,053	10,351	5,176	6,211	-	52,790	-	-	52,790
Repairs and maintenance	57,962	14,490	12,558	6,762	4,830	96,603	-	-	96,603
Major repairs	12,000	3,000	2,600	1,400	1,000	20,000	2,500	2,500	25,000
Insurance	-	-	-	-	-	-	30,982	-	30,982
Professional fees and consultants	-	-	-	-	1,144	1,144	8,814	12,280	22,238
Interest and finance charges	-	-	-	-	-	-	12,724	-	12,724
Telephone	-	-	-	-	-	-	10,045	-	10,045
Office supplies and expenses	-	-	-	-	-	-	27,196	-	27,196
Dues and subscriptions	-	-	-	-	-	-	3,175	-	3,175
Depreciation and amortization	27,249	\$ 10,218	\$ 5,450	\$ 4,769	\$ 6,812	54,498	6,812	\$ 6,812	68,123
	<b>\$ 305,462</b>	<b>\$ 114,454</b>	<b>\$ 91,083</b>	<b>\$ 53,470</b>	<b>\$ 35,142</b>	<b>\$ 599,612</b>	<b>\$ 125,527</b>	<b>\$ 31,283</b>	<b>\$ 756,422</b>

See independent auditors' report and notes to these financial statements.

**Theater for the New City Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

Theater for the New City Foundation, Inc. (the Theater) is a 501(c) (3) not-for-profit organization that produces and performs new works, mostly by American playwrights. Through the operation of a four theater facility, it serves as a community – based cultural center for the East Village, Lower East Side of Manhattan, providing extensive outreach programs as well as experimental theater performances for the theater – going public. The Theater also commissions new works from America's established and emerging playwrights and offers a training program with an extensive workshop series for performers in street theater as well as a playwright development program involving workshops and production.

The Theater was incorporated in the state of New York in 1970.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principals.

Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. The Theater has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized when earned.

Use of Estimates

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

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets.

It is the policy of the Theater to capitalize items with a value greater than \$1,000.

See independent accountant's report.

**Theater for the New City Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1- (Continued)**

Income Taxes

The Theater is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statement.

Functional Allocation of Expenses

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

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time for the Theater's program services and fundraising. The value of this contributed time is not included in the financial statements because they are not susceptible to objective measurement and evaluation.

**Note 2 - Property and Equipment**

Property and equipment consist of:

Building and improvements	\$2,558,319
Land	459,936
Theater equipment	40,132
Truck	<u>23,000</u>
	3,081,387
Less:	
Accumulated Depreciation	<u>(1,172,203)</u>
	<u>\$1,909,184</u>

In 1987, the Theater purchased land and building and renovated the building into a theater complex and obtained a certificate of occupancy as a live theater facility.

In 1999, the Theater sold a portion of its lobby and development rights. The purchaser constructed a building on the property consisting of lobby, common elements and 42 residential units and acquired incidental to the sale, air rights and other real property rights. The purchaser conveyed to the Theater a commercial unit consisting of the Theater's original infrastructure less a portion of its lobby.

Common charges are allocated to the Theater in proportions originally established. For the year ended June 30, 2008, these fees totaled \$3,600.

Under a lease agreement that commenced July 1, 2004 and ends June 30, 2014, the Theater leases a portion of its premises to the NYC Department of Sanitation at an average annual rental of \$20,000 per year.

See independent accountant's report.

**Theater for the New City Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 3 - Mortgage Payable**

The Theater has a mortgage secured by its' real property and any rents, issues and profits in the premises. The mortgage bears interest at the rate of 5% and requires monthly payments of principal and interest totaling \$2,016 until final maturity on February 28, 2018.

Future maturities are:

Year ending June 30,	
2009	\$ 15,604
2010	16,402
2011	17,241
2012	18,123
2013	19,036
Thereafter	<u>91,859</u>
	<u>\$178,265</u>

**Note 4 – Loan Payable – Truck**

The loan is payable in monthly installments of \$240 and is secured by a truck. There is no interest on this loan. It matures October 17, 2012.

Future maturities are:

Year ending June 30,	
2009	\$ 2,880
2010	2,880
2011	2,880
2012	2,880
2013	<u>960</u>
	<u>\$ 12,480</u>

**Note 4 – Unearned Rent**

Payments for theater rental for the year ending June 30, 2009 were received during the year ended June 30, 2008.

**Note 5 – Advertising**

Advertising is expensed as incurred.

See independent accountant's report.