



Arkansas Repertory Theatre

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2017 and 2016
(With Independent Auditor's Report Thereon)**

**Thomas &
Thomas LLP**
Certified Public Accountants

Arkansas Repertory Theatre

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Arkansas Repertory Theatre
Little Rock, Arkansas

We have audited the accompanying financial statements of **Arkansas Repertory Theatre (the Theatre)**, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 audits 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 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 on the preceding page present fairly, in all material respects, the financial position of **Arkansas Repertory Theatre** as of June 30, 2017 and 2016, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are 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 audits 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.

Thomas & Thomas LLP

Certified Public Accountants

January 22, 2018
Little Rock, Arkansas

Financial Statements

Arkansas Repertory Theatre

STATEMENTS OF FINANCIAL POSITION June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 162,869	\$ 222,791
Restricted cash and cash equivalents	-	116,716
Accounts receivable	3,715	4,811
Contributions and grants receivable, net	583,138	994,151
Prepaid expenses and other assets	81,575	129,934
Bond reserve account held with trustee	134,469	134,110
Property and equipment, net	4,259,046	4,546,654
Interest in net assets of the Arkansas Repertory Theatre Foundation	237,758	526,769
TOTAL ASSETS	\$ 5,462,570	\$ 6,675,936
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 153,961	\$ 98,821
Accrued liabilities	100,222	112,318
Deferred revenue	489,612	499,093
Line of credit	100,000	100,000
Notes payable	240,036	278,371
Bonds payable	985,000	1,055,000
Total Liabilities	2,068,831	2,143,603
 Net Assets		
Unrestricted	2,423,578	2,936,822
Temporarily restricted	970,161	1,595,511
Total Net Assets	3,393,739	4,532,333
TOTAL LIABILITIES AND NET ASSETS	\$ 5,462,570	\$ 6,675,936

See accompanying notes to financial statements.

Arkansas Repertory Theatre

STATEMENTS OF ACTIVITIES Years Ended June 30, 2017 and 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
Support, Revenue and Reclassifications		
Contributions	\$ 584,090	\$ 1,125,254
Grants	96,000	127,000
Special events	289,382	267,149
Costs of direct benefits to donors	(138,442)	(163,963)
Admissions	1,914,687	1,857,453
Contract service fees	161,550	141,541
Concessions	124,473	128,934
Rental income	63,496	48,592
Other	169,515	176,524
	3,264,751	3,708,484
Net assets released from restrictions	897,338	909,308
	4,162,089	4,617,792
Expenses		
Program		
Production	2,579,297	2,700,150
Educational and outreach	319,866	344,059
Supporting Services		
General and administrative	1,351,545	1,297,405
Fundraising	424,625	399,671
Total Expenses	4,675,333	4,741,285
	(513,244)	(123,493)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Earnings (loss) on investments held at the Arkansas Reperatory Theatre Foundation	35,920	(80,118)
Contributions	236,068	1,028,663
Net assets released from restrictions	(897,338)	(909,308)
	(625,350)	39,237
DECREASE IN TOTAL NET ASSETS	(1,138,594)	(84,256)
NET ASSETS, BEGINNING OF YEAR	4,532,333	4,616,589
NET ASSETS, END OF YEAR	\$ 3,393,739	\$ 4,532,333

See accompanying notes to financial statements.

Arkansas Repertory Theatre

STATEMENTS OF CASH FLOWS Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Total Net Assets	\$ (1,138,594)	\$ (84,256)
Adjustments to Reconcile Decrease in Total Net Assets to Net Cash (Used) Provided by Operating Activities		
Depreciation	315,880	312,455
Loss on disposal of property and equipment	1,205	-
Net change in interest in net assets of the Arkansas Repertory Theatre Foundation	289,011	104,491
Changes in operating assets and liabilities:		
Accounts receivable	1,096	(1,983)
Contributions and grants receivable	411,013	(203,051)
Prepaid expenses and other assets	48,359	(62,224)
Accounts payable	55,140	35,998
Accrued liabilities	(12,096)	65,688
Deferred revenue	(9,481)	(58,135)
Net Cash (Used) Provided by Operating Activities	(38,467)	108,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(29,477)	(94,941)
Net Cash Used by Investing Activities	(29,477)	(94,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits into bond reserve accounts	(100,931)	(102,210)
Reinvestment of interest earned on bond reserve accounts	(359)	(14)
Withdrawals from bond reserve accounts to pay principal, interest and fees	100,931	99,446
Repayment of notes payable	(38,335)	(32,873)
Repayment of bonds payable	(70,000)	(65,000)
Net Cash Used by Financing Activities	(108,694)	(100,651)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(176,638)	(86,609)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	339,507	426,116
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 162,869	\$ 339,507
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 85,930	\$ 94,811
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 162,869	\$ 222,791
Restricted cash and cash equivalents	-	116,716
	\$ 162,869	\$ 339,507

See accompanying notes to financial statements.

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 1: NATURE OF ACTIVITIES

Arkansas Repertory Theatre (the Theatre) is a nonprofit corporation that exists to produce a diverse body of theatrical work of the highest artistic standards. With a focus on dramatic storytelling that illuminates the human journey, the Theatre entertains, engages and challenges local and regional audiences of all ages and backgrounds. The Theatre also provides outreach programming to audiences, especially youth, across the state that reflects its passionate commitment to the educational value of the performing arts. Through the exploration of new work and a commitment to the mentoring of emerging theatre practitioners, the Theatre contributes to the advancement of the art form.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Theatre have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

(b) Basis of Presentation

The Theatre is required to report information regarding its financial position and activities according to three classes of net assets - unrestricted, temporarily restricted and permanently restricted, as applicable.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include demand deposit accounts held at financial institutions and money market funds maintained in accounts held with an investment banking firm. At June 30, 2017, the Theatre's total bank balance maintained at multiple financial institutions was \$185,430 and all was fully insured. At June 30, 2016, the Theatre's total bank balance maintained at multiple financial institutions was \$420,687 and of that amount, approximately \$121,100 was not insured.

Restricted cash and cash equivalents includes cash that has been restricted by the donor to be segregated from other bank accounts and to be used for specific purposes.

(d) Contributions and Grants, net

Contributions, including unconditional promises to give, are recognized as support in the period received or when the Theatre becomes aware that a promise to give has been made, whichever occurs first.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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 on the statements of activities as "net assets released from restrictions."

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Contributions and Grants (Continued)

Promises to give which are scheduled to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional support over the term of the related promise to give.

The Theatre uses the allowance method to determine uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made.

(e) Property and Equipment, Net

Property and equipment are stated at historical cost, or if donated, at the estimated fair value at the date of donation. Major renewals and improvements in excess of \$500 are capitalized, while normal repairs and maintenance are expensed in the period incurred. Depreciation of property and equipment is provided on a straight-line method over the estimated useful lives of the assets, which range from five to thirty-one years.

(f) Deferred Revenue

Program revenues and ticket sales are recognized as revenue in the period the benefit or event occurs. Accordingly, ticket sales received for succeeding season programs are reported as deferred revenue on the statements of financial position.

(g) Donated Services

The Theatre has a substantial number of uncompensated volunteers who have donated significant amounts of their time to the Theatre's programs and supporting service activities. The value of such donated services has not been recognized in the financial statements as these services did not meet the recognition criteria.

(h) Income Taxes

Arkansas Repertory Theatre is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Accounting standards require the Theatre to evaluate tax positions and recognize a liability (or asset) if the Theatre has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Theatre has analyzed the tax positions taken and has concluded that as of June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Theatre may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

(i) Functional Expenses

The Theatre allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are recorded directly to the related program or supporting service according their natural expenditure classification. Other expenses that are common to several functions are allocated to programs and supporting services based on various statistical bases.

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Use of 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.

(k) Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The purpose of ASU No. 2016-14 is to amend existing financial reporting standards applicable to not-for-profit entities to improve the usefulness, relevance and clarity of information presented in financial statements and to enhance the information presented in the notes thereto. This new standard, which will become effective for the Theatre on July 1, 2018, requires the following:

- Presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.
- Elimination of the requirement to present a reconciliation of cash flows using the indirect method if the organization elects to use the direct method for purposes of preparing the statement of cash flows.
- Enhanced disclosures about governing board designations and other self-imposed limits on the use of resources, as well as the composition of net assets with donor restrictions at the end of the period and how those restrictions affect the use of resources.
- New disclosures containing qualitative information communicating how liquid resources are managed to meet cash needs for general expenditures within one year of the financial reporting date and quantitative information communicating the availability of resources to meet cash needs for general expenditures within one year of the financial reporting date.
- Presentation of expenses by natural and functional classification, either on the statement of activities, in a separate statement or in the notes to the financial statements.
- Reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhanced disclosures about underwater endowments.
- Enhanced disclosures about the method(s) used to allocate costs among program and support functions.
- Reporting of investment return net of external and direct internal investment expenses.

While this new standard will significantly impact the presentation of the financial statements and the content of disclosures in the notes to the financial statements, it is not expected to have a material impact on the recording or measurement of amounts presented therein.

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Recently Issued Accounting Standards (Continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers*, requiring an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This revenue recognition standard, which will become effective for the Theatre on July 1, 2019, generally affects all entities that either enter into contracts with customers to transfer goods, services or nonfinancial assets. Implementation of the requirements of this standard will require that the Theatre 1) identify all contracts with customers, 2) identify performance obligations in the contracts, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue when or as performance obligations are satisfied. Management of the Theatre has not yet determined the significance of the impact of implementation of this standard or any related amendments.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new guidance requires lessees to record a right-of-use asset and a corresponding liability equal to the present value of future rental payments on the statements of financial position for all leases with a term greater than one year and is effective for the Theatre on July 1, 2020. Early application is permitted for nonpublic business entities upon issuance. Management of the Theatre has not yet determined the significance of the impact of implementation of this standard or any related amendments.

NOTE 3: BOND RESERVE ACCOUNT HELD WITH TRUSTEE

As required under the Trust Indenture executed in connection with the issuance of bonds described in Note 10, the Theatre maintains a debt service reserve fund with a third party trustee. The debt service reserve fund includes monies set aside to pay scheduled principal and interest payments in the event that sufficient resources are not available. The balance which is held with the trustee in money market mutual funds and certificates of deposits and is reported at fair value, is not available for general operating purposes. The balance at June 30, 2017 and 2016 was approximately \$134,000.

NOTE 4: CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are as follows:

	<u>2017</u>	<u>2016</u>
Contributions and grants receivable	\$ 676,656	\$ 1,009,105
Less allowance for uncollectible contributions	(82,131)	-
Less unamortized discount on long-term contributions receivable	(11,387)	(14,954)
	<u>\$ 583,138</u>	<u>\$ 994,151</u>

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 4: CONTRIBUTIONS AND GRANTS RECEIVABLE (Continued)

Contributions and grants receivable are expected to be collected as follows at June 30, 2017:

Due in less than one year	\$ 380,581
Due in one to five years	<u>296,075</u>
	<u>\$ 676,656</u>

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Buildings	\$ 8,117,026	\$ 8,195,885
Theatre equipment and other	982,859	970,111
Less accumulated depreciation	<u>(4,873,439)</u>	<u>(4,659,494)</u>
	4,226,446	4,506,502
Land	32,600	32,600
Renovations in progress	<u>-</u>	<u>7,552</u>
	<u>\$ 4,259,046</u>	<u>\$ 4,546,654</u>

NOTE 6: THE ARKANSAS REPERTORY THEATRE FOUNDATION

The Arkansas Repertory Theatre Foundation (the Foundation), a nonprofit corporation, was established in 1994 to support and facilitate the operation of the Theatre. All assets received by the Foundation are held and managed for the benefit of the Theatre. The Theatre and the Foundation are considered financially interrelated organizations and as such, in accordance with applicable accounting standards, the Theatre recognizes its interest in the net assets of the Foundation on the Theatre's statements of financial position. Changes in the Theatre's interest in the net assets of the Foundation during the year are reported in the Theatre's statements of activities as increases or decreases in temporarily restricted net assets. Distributions received by the Theatre from the Foundation are included in "net assets released from restrictions" on the statements of activities.

During the years ended June 30, 2017 and 2016, the Theatre received distributions from the Foundation for general operating support totaling approximately \$25,000 and \$24,000, respectively.

In addition, the Foundation distributed an additional \$300,000 during the year ended June 30, 2017, to cover the Theatre's cash flow needs.

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 7: LINE OF CREDIT

The Theatre has a line of credit with a financial institution with a maximum approved commitment of \$100,000. Interest payments are due monthly at an annual rate of prime plus 1.00% (interest rate at June 30, 2017 and 2016 was 5.00%). The outstanding principal balance plus accrued interest is due August 8, 2017. The balance is secured by a mortgage on 601 S. Main Street. The outstanding balance on the line of credit at June 30, 2017 and 2016 was \$100,000.

NOTE 8: LETTER OF CREDIT

The Theatre has a letter of credit with a financial institution with a maximum approved commitment of \$51,733. As of June 30, 2017 and 2016, there have been no draws on this letter of credit.

NOTE 9: NOTES PAYABLE

Notes payable at June 30, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution, due in monthly installments of \$1,467 including interest at a rate of 5.00%, maturing March 8, 2019, secured by a mortgage on 601 S. Main Street and guaranteed by the Foundation.	\$ 29,256	\$ 44,966
Note payable to a financial institution, due in monthly installments of \$1,490 including interest at a rate of 5.00%, maturing August 8, 2022, secured by a mortgage on the building, furniture and equipment at 601 S. Main Street and guaranteed by the Foundation.	79,993	93,401
Note payable to a financial institution, due in monthly installments of \$1,672 including interest at a rate of 5.35%, maturing April 20, 2022, secured by a mortgage on the Tri-Plex Apartments and guaranteed by the Foundation.	<u>130,787</u>	<u>140,004</u>
	<u>\$ 240,036</u>	<u>\$ 278,371</u>

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 9: NOTES PAYABLE (Continued)

Future scheduled maturities of notes payable at June 30, 2017, are as follows:

2018	\$	43,954
2019		41,636
2020		30,424
2021		32,034
2022		90,403
Thereafter		<u>1,585</u>
	\$	<u><u>240,036</u></u>

NOTE 10: BONDS PAYABLE

On December 1, 2007, the City of Little Rock, Arkansas Residential Housing and Public Facilities Board issued on behalf of the Theatre \$1,500,000 Series 2007 (Series 2007 Bonds), Capital Improvement Revenue Bonds (Arkansas Repertory Theatre Project) to finance the acquisition, construction and equipping of recreation and tourism facilities. The Series 2007 Bonds bear interest at 5.75%. Annual principal payments are required on June 1 each year through June 1, 2027. Interest payments are due semiannually on June 1 and December 1 of each year. The outstanding principal balance totaled \$985,000 and \$1,055,000 at June 30, 2017 and 2016, respectively. The Foundation unconditionally guarantees the full payment of principal and interest.

Five-year aggregate maturities of bonds outstanding at June 30, 2017 are as follows:

2018	\$	75,000
2019		80,000
2020		85,000
2021		90,000
2022		95,000
Thereafter		<u>560,000</u>
	\$	<u><u>985,000</u></u>

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 11: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
REPrise Next 40 Campaign	\$ 548,387	\$ 671,210
Arkansas Repertory Theatre Foundation	237,758	526,769
Capital Campaign	69,413	328,446
ACT II - Education Campaign	60,166	69,086
Other	54,437	-
	<u>\$ 970,161</u>	<u>\$ 1,595,511</u>

NOTE 12: EMPLOYEE BENEFIT PLANS

Effective January 1, 2000, the Theatre adopted a 401(k) defined contribution matching plan (401(k) Plan) which covers all regular employees who meet certain eligibility requirements. Employees are allowed to make contributions to the 401(k) Plan up to the maximum allowed by the Internal Revenue Code. During the years ended June 30, 2017 and 2016, the Theatre's matching contributions totaled approximately \$1,300 and \$1,200, respectively.

The Theatre also contributes amounts to various multi-employer plans for production staff covered under the applicable collective bargaining agreements. During the years ended June 30, 2017 and 2016, the Theatre's contributions to the various multi-employer plans totaled approximately \$113,000 each year, respectively.

NOTE 13: LEASE COMMITMENTS

The Theatre leases equipment and facilities in its operations under noncancelable operating leases with terms in excess of one year. Approximate future minimum lease payments by fiscal year, under the leases at June 30, 2017, are as follows:

2018	\$ 65,900
2019	<u>2,400</u>
	<u>\$ 68,300</u>

Total rent expense for these noncancelable operating leases totaled approximately \$71,500 for each of the years ended June 30, 2017 and 2016, respectively.

Arkansas Repertory Theatre

NOTES TO FINANCIAL STATEMENTS June 30, 2017 and 2016

NOTE 14: GOING CONCERN AND MANAGEMENT PLANS

As shown in the accompanying financial statements, the Theatre incurred decreases in net assets of \$1,138,594 and \$84,256 during the years ended June 30, 2017 and 2016, respectively. In addition, the Theatre had cash flow issues throughout the year which resulted in late payments on the Theatre's liabilities and required the Foundation to liquidate a significant portion of the investments that were being held for the benefit of the Theatre in order to provide temporary relief.

To address the issues noted above, management of the Theatre has developed a strategic plan to increase net assets and improve cash flow through measures designed to increase revenues while containing costs. Management has also put a renewed focus on the capital campaign which was put on hold during the current year as a result of a change in leadership at the Theatre. In addition, subsequent to year end and prior to the issuance of the report, the Theatre secured a \$595,000 note payable from a financial institution to payoff certain existing indebtedness and provide working capital. Management believes that these measures will ensure that the Theatre will continue as a going concern for the foreseeable future.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2018, the date the financial statements were available to be issued.

Supplementary Schedules

Arkansas Repertory Theatre

SCHEDULE OF FUNCTIONAL EXPENSES June 30, 2017

	Program			Fundraising					
	Production Cost	Educational and Outreach Programs	Total Program	General and Administrative	Development	Special Events	Capital Campaign	Total Fundraising	
Salaries and benefits	\$ 1,259,640	\$ 304,605	\$ 1,564,245	\$ 706,995	\$ 239,757	\$ 17,151	\$ 51,840	\$ 308,748	\$ 2,579,988
Costumes and scenery	168,416	1,798	170,214	-	-	-	-	-	170,214
Royalties and scripts	219,468	-	219,468	-	-	-	-	-	219,468
Concessions and food	63,732	-	63,732	-	-	-	-	-	63,732
Publicity	96,295	1,544	97,839	11,351	-	7,143	71	7,214	116,404
Printing and postage	30,093	-	30,093	9,372	2,061	587	-	2,648	42,113
Travel	74,340	1,227	75,567	13,687	-	1,085	1,180	2,265	91,519
Actor housing	43,431	-	43,431	-	-	-	-	-	43,431
Tickets and subscriptions	28,685	-	28,685	13,785	-	-	-	-	42,470
Taxes and fees	33,077	-	33,077	109,932	-	-	1,000	1,000	144,009
Miscellaneous	-	320	320	129,617	-	-	-	-	129,937
Supplies	3,054	350	3,404	6,856	-	-	-	-	10,260
Utilities	95,334	6,471	101,805	50,146	-	-	-	-	151,951
Interest	48,205	-	48,205	31,696	-	-	-	-	79,901
Depreciation	236,910	-	236,910	78,970	-	-	-	-	315,880
Rental	32,203	-	32,203	96,839	-	-	-	-	129,042
Repairs and maintenance	29,434	2,056	31,490	50,494	-	-	380	380	82,364
Insurance	58,321	-	58,321	20,819	-	-	-	-	79,140
Casting	37,701	-	37,701	-	-	-	-	-	37,701
Cleaning	20,958	1,495	22,453	6,986	-	-	-	-	29,439
Conferences	-	-	-	14,000	-	-	-	-	14,000
Development	-	-	-	-	27,009	-	75,361	102,370	102,370
	\$ 2,579,297	\$ 319,866	\$ 2,899,163	\$ 1,351,545	\$ 268,827	\$ 25,966	\$ 129,832	\$ 424,625	\$ 4,675,333

See Independent Auditor's Report.

Arkansas Repertory Theatre

SCHEDULE OF FUNCTIONAL EXPENSES June 30, 2016

	Program			Fundraising					Total
	Production Cost	Educational and Outreach Programs	Total Program	General and Administrative	Development	Special Events	Capital Campaign	Total Fundraising	
Salaries and benefits	\$ 1,350,416	\$ 324,282	\$ 1,674,698	\$ 609,781	\$ 250,460	\$ 9,453	\$ 53,604	\$ 313,517	\$ 2,597,996
Costumes and scenery	202,632	8,414	211,046	-	-	13	-	13	211,059
Royalties and scripts	205,967	7,625	213,592	-	-	-	-	-	213,592
Concessions and food	60,819	-	60,819	-	-	-	-	-	60,819
Publicity	106,695	2,056	108,751	14,694	-	5,614	-	5,614	129,059
Printing and postage	37,418	-	37,418	8,784	2,452	379	-	2,831	49,033
Travel	78,338	1,682	80,020	20,507	-	-	-	-	100,527
Actor housing	48,549	-	48,549	-	-	-	-	-	48,549
Tickets and subscriptions	58,012	-	58,012	12,812	-	-	-	-	70,824
Taxes and fees	29,543	-	29,543	131,684	-	-	-	-	161,227
Consultants	-	-	-	127,940	-	-	-	-	127,940
Miscellaneous	-	-	-	10,720	-	-	-	-	10,720
Supplies	2,472	-	2,472	13,046	-	-	-	-	15,518
Utilities	92,407	-	92,407	43,054	-	-	-	-	135,461
Interest	57,117	-	57,117	37,694	-	-	-	-	94,811
Depreciation	234,341	-	234,341	78,114	-	-	-	-	312,455
Rental	1,350	-	1,350	95,156	-	-	-	-	96,506
Repairs and maintenance	24,350	-	24,350	51,313	-	-	14,760	14,760	90,423
Insurance	56,442	-	56,442	23,851	-	-	-	-	80,293
Casting	30,753	-	30,753	-	-	-	-	-	30,753
Cleaning	22,529	-	22,529	7,510	-	-	-	-	30,039
Conferences	-	-	-	10,745	-	-	-	-	10,745
Development	-	-	-	-	54,739	76	8,121	62,936	62,936
	<u>\$ 2,700,150</u>	<u>\$ 344,059</u>	<u>\$ 3,044,209</u>	<u>\$ 1,297,405</u>	<u>\$ 307,651</u>	<u>\$ 15,535</u>	<u>\$ 76,485</u>	<u>\$ 399,671</u>	<u>\$ 4,741,285</u>

See Independent Auditor's Report.