

**THEATRE WEST, INC.**

**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

As audited by

Kimie Aryai EA

## Independent Auditor's Report

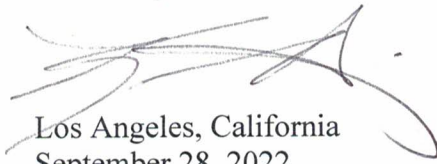
To the Board of Directors  
THEATRE WEST, INC.  
Los Angeles, California

I have audited the accompanying statement of financial position of Theatre West, Inc., a non-profit organization, as of June 30, 2022 and the related statements of activities, cash flows and functional expenses for the year ended. I have also provided the accompanying supplementary information, which is presented only for analysis purposes. These financial statements and the supplementary information are the responsibility of Theatre West's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted the audit in accordance with the auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theatre West as of June 30, 2022, and the results changes in net assets and in its cash flows for the year.

Kimie Aryai EA



Los Angeles, California  
September 28, 2022

**THEATRE WEST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED JUNE 30, 2022**

**ASSETS**

	<b>6/30/2022</b>	<b>6/30/2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	82,368	73,382
Membership receivables, net of allowance	95,734	34,750
Investments	56,980	90,910
Payroll Advance	2,868	-
Box Office Petty Cash/Undeposited Funds	231	-
Fixed Assets, net of depreciation	69,634	328
	<u>307,815</u>	<u>199,370</u>
 <b>Current Liabilities</b>		
Payroll Tax Liabilities	22,284	17,360
Credit Card Payable	-	-
	<u>22,284</u>	<u>17,360</u>
 <b>Long Term Liabilities</b>		
L/P SBA Note (Economic Injury Disaster Loan)	109,000	109,000
	<u>109,000</u>	<u>109,000</u>
 <b>NET ASSETS</b>		
Unrestricted	80,797	38,260
Temporarily Restricted	95,734	34,750
	<u>307,815</u>	<u>199,370</u>

**THEATRE WEST, INC.  
STATEMENT OF ACTIVITY  
YEAR ENDED JUNE 30, 2022**

UNRESTRICTED SUPPORT AND REVENUE

	6/30/2022	6/30/2021
Earned		
Productions	46,595	1,301
Facility Rental	3,365	840
Memberships, fees and other	44,519	39,800
Securities / Dividends	11,887	1,925
Unrealized Gains and Losses	(15,093)	-
	<u>91,273</u>	<u>43,866</u>
Support		
Grants	359,485	36,280
Legacies / Bequests	-	88,986
Fundraising	8,607	-
Donations	49,260	27,705
	<u>417,352</u>	<u>152,971</u>
	<u>508,625</u>	<u>196,837</u>
DISBURSEMENTS		
Program	381,943	116,029
Administrative	9,283	8,913
Fundraising	13,878	10,123
	<u>405,104</u>	<u>135,065</u>
INCREASE IN NET ASSETS	103,521	61,772
UNRESTRICTED NET ASSETS		
BEGINNING OF YEAR	38,260	(16,712)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(60,984)	(6,800)
END OF YEAR	<u>80,797</u>	<u>38,260</u>
TEMPORARILY RESTRICTED NET ASSETS		
BEGINNING OF YEAR	<u>34,750</u>	<u>27,950</u>
END OF YEAR	<u>95,734</u>	<u>34,750</u>

**THEATRE WEST, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**

	6/30/2022	6/30/2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	103,521	61,772
Increased membership dues & receivables	(60,984)	(6,800)
Increased other current liabilities	4,924	(18,549)
UBS Investment	33,930	(90,910)
Box Office Petty Cash/Undeposited Funds	(231)	-
Payroll Advance	(2,868)	-
	<u>78,292</u>	<u>(54,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
L/P SBA	-	109,000
	<u>-</u>	<u>109,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Depreciation	1,332	437
Fixed Assets Theatre Equipment	(70,638)	-
	<u>(69,306)</u>	<u>437</u>
CASH FLOW NET CHANGE DURING THE YEAR	8,986	54,950
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	73,382	18,432
CASH AND CASH EQUIVALENTS, END OF THE YEAR	82,368	73,382
SUPPLEMENTAL DISCLOSURES		
Interest paid	5,592	238

**THEATRE WEST, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED JUNE 30, 2022**

	Program	Administrative	Fundraising	Total
Advertising / Marketing	\$ 17,998	\$ -	\$ -	\$ 17,998
Bank Service Charges	1,204	25	-	1,229
Depreciation	1,332	-	-	1,332
Dues & Subscriptions	944	-	-	944
Grant Writer	-	-	2,500	2,500
Fundraising	-	-	6,958	6,958
Insurance	8,719	178	-	8,897
Interest Expense	5,480	112	-	5,592
License & Permits	608	-	-	608
Maintenance & Repairs	8,237	168	-	8,405
Office Expense	8,811	464	-	9,275
Payroll Executive Director	37,950	775	1,000	39,725
Payroll Taxes	18,574	60	-	18,634
Postage	870	18	2,920	3,808
Production Costs	17,431	-	-	17,431
Artist Fees and Production Staff	105,133	-	-	105,133
Printing / Graphic Design	9,657	-	500	10,157
Public Relations / Social Media	7,823	-	-	7,823
Legal and Professional Fees	3,692	410	-	4,102
Rent	49,530	5,503	-	55,033
Education / Teachers	20,481	-	-	20,481
Telephone & Internet	4,941	549	-	5,490
Utilities	9,187	1,021	-	10,208
Uncollectible Membership Dues	27,138	-	-	27,138
Workshop / Moderator	7,018	-	-	7,018
Webmaster / Website	9,185	-	-	9,185
	<u>\$ 381,943</u>	<u>\$ 9,283</u>	<u>\$ 13,878</u>	<u>\$ 405,104</u>



**THEATRE WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

1 Organization

Founded in 1962, Theatre West, Inc. is a non-profit corporation which has been granted exempt status under section 501(c)(3) of the Internal Revenue Code and State of California Franchise Tax Board.

Theatre West's mission is to nurture and develop artists by giving them the opportunity to expand their talents and skills through workshops and public performances and to serve the community with invigorating educational programs.

Theatre West advances its mission through three programs:

- 1.) **Public Performances:** Theatre West produces a season of live theatre productions and special performances at its theatre in Hollywood and in the community. The primary actors, playwrights, producers, and directors are Theatre West members. A typical season includes full-length plays, one-person shows, West Fest (a festival of plays and theatrical works), and our Storybook Theatre musical productions for children.
- 2.) **Artist and Professional Development:** Theatre West provides weekly Acting, Writing, Musical Theatre, and Shakespeare workshops. These workshops function like a laboratory where the actors, playwrights, and directors can experiment in a safe environment and test new approaches. It also serves as an incubator for new dramatic work.
- 3.) **Theatre Education:** Theatre West implements theatre education programs at select public pre-schools and elementary schools in Los Angeles. These 12-week residences are conducted by Theatre West members who are skilled and experienced teaching artists. The program aligns with the California Visual and Performing Arts standards.

2. Summary of Significant Accounting Policies

a) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reporting amounts and disclosures. Actual results could differ from those estimates.

**THEATRE WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

b) Accounting Changes

There were no significant accounting changes during the year ended June 30, 2022.

c) Fixed Assets

Fixed assets are carried at cost. Assets are being depreciated straight line over their estimated useful lives.

d) Revenue Recognition

Theatre West recognizes revenue from donations when cash is received. Unconditional promises to give are recognized upon receipt of enforceable verifiable documentation.

e) Volunteer Services and Donated Materials

In compliance with the criterion for the recognition of revenue as established by the Statement of Financial Accounting Standards No. 116, Theatre West recognizes income and offsetting asset or expense in the amount of the fair market value upon donation of significant items or volunteer services that are donated for use by the organization and are professional in nature. During the year ended June 30, 2021 although there were volunteer services donated to the organization they did not meet the requirements for recognition by the Statement of Financial Standards No. 116 and were not, therefore, included in these financial statements.

f) Compensated Absences

Theatre West does track vacation and/or sick time earned but not taken, but has not accrued those liabilities in these financial statements.



**THEATRE WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

3) Lease Commitments

On July 10, 2021 Theatre West entered into a five-year operating lease agreement to rent office space and production facilities. Theatre West has leased this facility since 1966. Future lease obligations Under that lease agreement are as follows.

Year ending June 30,

2023	60,000
2024	60,000
2025	60,000
2026	<u>60,000</u>
	240,000

4) Bequest

On March 1, 2021 Theatre West received a bequest in the FMV amount of \$90,000.00 from the estate of Elsa Raven. \$10,000.00 was in cash and \$80,000.00 was in the form of an IRA in which Theatre West was named a beneficiary and distribution was established in a separate account.

The Board of Directors established a committee to provide oversight and to develop a policy in which \$40,000.00 would be restricted and serve as an Operating Reserve for the company. The remaining balance has been designated to serve capital needs for the company. Currently, it is invested in Vanguard Windsor, a mutual fund and Tricontinental Corp, a closed-end fund and exchange traded product. A copy of the Operating Reserve policy is available upon request.

**THEATRE WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

5) Covid 19 Pandemic

The Covid-19 pandemic had a dramatic impact to Theatre West. The organization operates a professional 164-seat theatre in Hollywood that was closed for nearly 18 months to the public. Theatre West was not able to produce live performances, in-person workshops at our theatre, and serve the community with our theatre education programs. Through a mixture of individual contributions, foundation grants, and extraordinary government support including local, state, and federal grants, Theatre West was able to reopen its theatre operations with the world premiere of **Our Man in Santiago** by Mark Wilding on September 24, 2021 and our Storybook Theatre program, **Goldilocks and the Three Bears**, on November 20, 2021. Our in-school theatre education program resumed in February 2022 and reached five schools and served nearly 1500 students and teachers with in-person theatre instruction. Further, Theatre West made investments in new theatre equipment, capital improvements to its theatre facility, and increased compensation levels for all Theatre West personnel. This explains the considerable variance between the 20/21 and the 21/22 fiscal years.

6) Membership Dues

Theatre West members pay dues ranging from \$0 to \$50 depending on their membership status. Due to the accrual accounting basis, dues are classified as “membership” income but then are reclassified as an “uncollectible” expense due to members who are unable to pay their full dues or pay less than the original dues assessment within the fiscal year. This adjustment is recorded during the annual audit. Please note that Theatre West has 88 active members, 16 members on leave, 5 associate members, and 26 honorary members for a total of 135 members in FY22.