

THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL
(FRINGENYC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
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DECEMBER 31, 2016**

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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Present Theatre Company, Inc.
DBA The New York International Fringe Festival (FringeNYC)
New York, NY

We have audited the accompanying financial statements of The Present Theatre Company, Inc. DBA The New York International Fringe Festival (FringeNYC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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.

Auditors' 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 of 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 above present fairly, in all material respects, the financial position of The Present Theatre Company, Inc. DBA The New York International Fringe Festival (FringeNYC) as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rich and Bander, LLP

New York, NY

July 27, 2017

**THE PRESENT THEATRE COMPANY, INC.
 DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2016**

Assets

Cash and cash equivalents	\$ 146,317
Accounts receivable	11,750
Grants and contributions receivable	13,340
Prepaid expenses	15,271
Security deposits	2,500
Property and equipment, net of accumulated depreciation	812
Total Assets	<u><u>\$ 189,990</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 15,726
Total liabilities	<u><u>15,726</u></u>

Net assets

Unrestricted	174,264
Temporarily restricted	-
Total net assets	<u><u>174,264</u></u>

Total Liabilities and Net Assets	<u><u>\$ 189,990</u></u>
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THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Grants and contributions			
In-kind contributions	\$ 203,965	\$ -	\$ 203,965
Government	61,440	-	61,440
Corporate	38,500	-	38,500
Foundations	19,500	-	19,500
Individuals	7,819	-	7,819
Total grants and contributions	331,224	-	331,224
Program service revenue			
Ticket sales	554,714	-	554,714
Participation and application fees	167,710	-	167,710
Advertising income	61,930	-	61,930
Contracted services income	7,500	-	7,500
Total program service revenue	791,854	-	791,854
Other income			
Reimbursed expenses	20,875	-	20,875
Miscellaneous income	9,945	-	9,945
Total other income	30,820	-	30,820
Net assets released from restrictions	-	-	-
	<u>1,153,898</u>	<u>-</u>	<u>1,153,898</u>
Expenses			
Program services	1,072,877	-	1,072,877
Supporting services			
Management and general	62,499	-	62,499
Fundraising	13,194	-	13,194
	<u>1,148,570</u>	<u>-</u>	<u>1,148,570</u>
Change in net assets	5,328	-	5,328
Net assets - beginning of year	168,936	-	168,936
Net assets - end of year	<u>\$ 174,264</u>	<u>\$ -</u>	<u>\$ 174,264</u>

The accompanying notes are an integral part of these financial statements.

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Venue rental	\$ 298,689	\$ -	\$ -	\$ 298,689
Participant payments	285,374	-	-	285,374
Salaries	112,614	11,446	7,417	131,477
Outside services - FringeNYC	108,906	200	-	109,106
Marketing and design	68,681	366	-	69,047
Consulting	35,891	4,731	1,057	41,679
Insurance	32,587	2,975	1,084	36,646
Payroll taxes and fringe benefits	29,766	4,073	1,578	35,417
Office rental	27,755	4,846	1,231	33,832
Office expenses	10,513	16,226	199	26,938
Equipment rental	24,210	-	-	24,210
Production expense	9,159	-	-	9,159
Storage	2,597	5,724	128	8,449
Bank fees	6,092	1,790	263	8,145
Transportation	7,740	315	-	8,055
Professional fees	-	6,975	-	6,975
Communications	5,801	713	201	6,715
Dues and subscriptions	2,988	565	-	3,553
Meals and entertainment	2,628	870	-	3,498
Postage and shipping	404	128	36	568
Depreciation	482	-	-	482
Software and information technology	-	481	-	481
Professional development	-	75	-	75
	<u>\$ 1,072,877</u>	<u>\$ 62,499</u>	<u>\$ 13,194</u>	<u>\$ 1,148,570</u>

The accompanying notes are an integral part of these financial statements.

**THE PRESENT THEATRE COMPANY, INC.
 DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash flows from operating activities:	
Change in net assets	\$ 5,328
<i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i>	
Depreciation	482
(Increase) decrease in operating assets:	
Accounts receivable	(7,650)
Grants and contributions receivable	(9,190)
Prepaid expenses	(15,271)
Security deposits	5,000
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	6,298
Total adjustments	(20,331)
Net cash used in operating activities	(15,003)
Net decrease in cash and cash equivalents	(15,003)
Cash and cash equivalents, beginning of year	161,320
Cash and cash equivalents, end of year	\$ 146,317
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Present Theatre Company, Inc. DBA The New York International Fringe Festival (FringeNYC) (“the Organization”) was incorporated in 1991 under the laws of the State of New York. The Organization encourages, supports and produces new American theatre. Since 1996, the Organization has produced the New York International Fringe Festival (FringeNYC), the largest annual multi-arts festival in North America, providing an opportunity for emerging artists to present their work.

The Organization’s primary sources of revenue are program service revenue and grants and contributions.

Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization presents its financial statements under the guidelines of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, 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. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as grants and contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016**

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounts Receivable

Program service revenues earned but not yet received that are expected to be collected within one year are recorded as accounts receivable at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific receivables.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization's policy to capitalize expenditures for these items in excess of \$5,000. Lesser amounts are expensed. Property and equipment is being depreciated over the useful life of the related asset using the straight-line method.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributed Services

A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (this is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the reporting period are recorded as unrestricted contributions.

Foundation and other grant awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions, if any. The unexpended funds are reported as temporarily restricted net assets.

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016**

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

In-kind contributions are reflected as contributions at their fair value at date of donation and are offset by like amounts included in expenses.

Program service revenue is recognized when earned.

Marketing and Advertising Costs

The Organization's policy is to expense marketing and advertising costs as they are incurred. Marketing and advertising expense for the year ended December 31, 2016 was \$69,028.

Functional Allocation of Expenses

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2015, 2014, and 2013 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2016, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of Estimates

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

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016**

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The Organization is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standard update which affects the presentation of financial statements of not-for-profit entities. Among other changes, the update reduces the number of net asset classifications from three to two categories: (1) assets with donor restrictions and (2) those without donor restrictions, expands disclosure requirements for net assets with donor restrictions or board designations, and includes several new reporting requirements related to expenses. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 31, 2017 and in interim periods in annual periods beginning after December 31, 2018. Early application is permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Date of Management’s Review

Management has evaluated subsequent events through July 27, 2017, which is the date the financial statements were available to be issued.

2) FAIR VALUE MEASUREMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

**THE PRESENT THEATRE COMPANY, INC.
 DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 DECEMBER 31, 2016**

3) ACCOUNTS RECEIVABLE

Accounts receivable represents program service revenue earned but not collected as of the financial statement date. These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

4) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2016 consists of the following:

The Harold and Mimi Steinberg Charitable Trust	\$ 10,000
New York City Department of Cultural Affairs	<u>3,340</u>
	<u>\$ 13,340</u>

These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2016. Depreciation for the year ended December 31, 2016 was \$482.

		<u>Estimated Useful Lives</u>
Equipment	\$ 8,960	5-7 Years
Less: accumulated depreciation	<u>8,148</u>	
	<u>\$ 812</u>	

6) IN-KIND CONTRIBUTIONS

During the year ended December 31, 2016, the Organization received the following in-kind contributions that have been reflected at fair values in the statement of activities:

Donated venue rental	\$ 182,130
Donated consulting services	10,935
Donated marketing and design services	<u>10,900</u>
Total	<u>\$ 203,965</u>

7) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of December 31, 2016, there were no uninsured balances. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

**THE PRESENT THEATRE COMPANY, INC.
DBA THE NEW YORK INTERNATIONAL FRINGE FESTIVAL (FRINGENYC)
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016**

8) LEASE COMMITMENTS

The Organization leases office space in New York City under a non-cancelable operating lease which expires on June 30, 2019. Office rental expense for the year ended December 31, 2016 was \$33,832.

Future minimum lease payments under the non-cancelable leases are as follows:

December 31,	
2017	\$ 35,005
2018	36,332
2019	18,447
Thereafter	<u>-</u>
Total	<u>\$ 89,784</u>

9) 2017 ANNUAL FRINGE FESTIVAL

The Organization has chosen to take a year off from doing any annual festival in order to engage in strategic planning and capacity building. This work is being funded by the accumulated surplus, in addition to the late-summer fundraiser, which is expected to net sufficient cash to fund the Organization through 2017.