

**BATON ROUGE LITTLE THEATER, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2011**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 29 2012

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# Latuso and Johnson CPA, LLC

*Certified Public Accountants*

11929 Bricksome Ave. • Baton Rouge, LA 70816  
Tel (225) 293.8300 • Fax (225) 293.8303

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Baton Rouge Little Theater, Inc.  
155 Florida Boulevard  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Baton Rouge Little Theater, Inc. (a nonprofit corporation) as of July 31, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Baton Rouge Little Theater, Inc.'s financial statements for the year ended July 31, 2010 and in our report dated June 1, 2011, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Little Theater, Inc. (a nonprofit corporation) as of July 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Latuso + Johnson CPA, LLC*

Baton Rouge, Louisiana  
February 6, 2012

**BATON ROUGE LITTLE THEATER, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2011 and 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 20,165	\$ 33,417
Certificate of Deposit-Restricted	100	46,097
Accounts Receivable	71,355	42,070
Prepaid Expenses	<u>28,320</u>	<u>34,460</u>
Total Current Assets	119,940	156,044
Property and Equipment, Net	180,825	107,508
Restricted Investments	<u>17,815</u>	<u>15,958</u>
Total Assets	\$ <u><u>318,580</u></u>	\$ <u><u>279,510</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts Payable	\$ 52,177	\$ 38,802
Line of Credit	89,625	17,183
Accrued Expenses	<u>2,333</u>	<u>-</u>
Total Current Liabilities	<u>144,135</u>	<u>55,985</u>
<b>Deferred Revenues</b>	169,235	170,970
<b>Net Assets:</b>		
Unrestricted	(24,986)	(45,391)
Temporarily Restricted	12,381	81,988
Permanently Restricted Endowment	<u>17,815</u>	<u>15,958</u>
Total Net Assets	<u>5,210</u>	<u>52,555</u>
Total Liabilities and Net Assets	\$ <u><u>318,580</u></u>	\$ <u><u>279,510</u></u>

The accompanying notes are an integral part of these financial statements

**BATON ROUGE LITTLE THEATER, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2011**  
**WITH COMPARATIVE TOTALS FOR 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
<b>Support and Revenue:</b>					
Admissions	\$ 460,296	\$ -	\$ -	\$ 460,296	\$ 479,016
In Kind Revenue	368,866	-	-	368,866	313,986
Contributions and Grants	133,325	18,981	-	152,306	159,968
Classes and Workshops	38,217	-	-	38,217	29,387
Concessions	19,530	-	-	19,530	9,393
Rental Income	12,679	-	-	12,679	14,228
Playbill Advertising	2,577	-	-	2,577	2,900
Other Revenue	14,101	-	-	14,101	1,274
Gain on Endowment	-	-	1,857	1,857	1,461
<b>Total Revenue</b>	<u>1,049,591</u>	<u>18,981</u>	<u>1,857</u>	<u>1,070,429</u>	<u>1,011,613</u>
<b>Net Assets Released from Restrictions</b>	<u>81,988</u>	<u>(88,588)</u>	<u>-</u>	<u>(6,600)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>1,131,579</u>	<u>(69,607)</u>	<u>1,857</u>	<u>1,063,829</u>	<u>1,011,613</u>
<b>Expenses:</b>					
Program Services	810,043	-	-	810,043	681,048
Management and General	294,576	-	-	294,576	300,009
Fund Raising	6,555	-	-	6,555	5,099
<b>Total Expenses</b>	<u>1,111,174</u>	<u>-</u>	<u>-</u>	<u>1,111,174</u>	<u>986,156</u>
<b>Change in Net Assets</b>	20,405	(69,607)	1,857	(47,345)	25,457
<b>Net Assets &lt;Deficit&gt;, Beginning of Year</b>	<u>\$ (45,391)</u>	<u>\$ 81,988</u>	<u>\$ 15,958</u>	<u>\$ 52,555</u>	<u>\$ 27,098</u>
<b>Net Assets &lt;Deficit&gt;, End of Year</b>	<u>\$ (24,986)</u>	<u>\$ 12,381</u>	<u>\$ 17,815</u>	<u>\$ 5,210</u>	<u>\$ 52,555</u>

The accompanying notes are an integral part of these financial statements

**BATON ROUGE LITTLE THEATER, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENTS OF CASH FLOWS**  
For The Years Ended July 31, 2011 and 2010

	2011	2010
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ (47,345)	\$ 25,457
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used by) Operating Activities:		
Depreciation	31,044	24,345
(Decrease) Increase in Deferred Revenue	(1,735)	11,889
Realized and Unrealized Gain on Endowment	(1,857)	(1,383)
Net Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(29,285)	(24,397)
Decrease (Increase) in Prepaid Expenses	6,140	(18,091)
Increase in Accounts Payable	13,375	26,968
Increase (Decrease) in Accrued Expenses	2,333	(28,017)
Net Adjustments	20,015	(8,686)
Net Cash (Used by) Provided by Operating Activities	(27,330)	16,771
<b>Cash Flows From Investing Activities:</b>		
Redemption (Purchase) of Certificate of Deposit	45,997	(21,106)
Purchases of Equipment	(104,361)	(20,723)
Net Cash Used by Investing Activities	(58,364)	(41,829)
<b>Cash Flows From Financing Activities:</b>		
Net Borrowing (Repayment) on Line of Credit	72,442	(215)
Net Cash Provided by (Used by) Financing Activities	72,442	(215)
Net (Decrease) in Cash and Cash Equivalents	(13,252)	(25,273)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>33,417</b>	<b>58,690</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 20,165</b>	<b>\$ 33,417</b>
<b>Supplementary Information:</b>		
Interest Paid	\$ 4,759	\$ 2,480

The accompanying notes are an integral part of these financial statements

**BATON ROUGE LITTLE THEATER, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2011**  
**WITH COMPARATIVE TOTALS FOR 2010**

	Program Expenses	Management and General	Fund Raising	2011 Total	2010 Total
In-Kind Expenses	\$ 368,413	\$ -	\$ -	\$ 368,413	\$ 313,986
Salaries and related expenses	153,755	160,284	-	314,039	256,061
Contract Labor - Backstage	75,090	-	-	75,090	68,623
Advertising and Printing	66,807	-	-	66,807	60,937
Building Expenses	-	57,578	-	57,578	54,363
Scripts / royalties	46,706	-	-	46,706	42,165
Backstage Construction	33,878	-	-	33,878	38,437
Depreciation	14,459	16,585	-	31,044	24,345
Costumes	20,597	-	-	20,597	9,848
Insurance	-	16,556	-	16,556	18,088
Actor Workshop Expenses	15,061	-	-	15,061	19,226
Bank/Credit Card Fees	-	10,144	-	10,144	12,492
Concessions	7,512	-	-	7,512	6,187
Telephone	-	6,423	-	6,423	5,078
Postage	-	5,066	20	5,086	7,142
Business Development	-	-	5,035	5,035	3,806
Professional Expenses	-	4,830	-	4,830	11,825
Interest Expense	-	4,759	-	4,759	2,480
Office Supplies	-	4,473	-	4,473	7,886
Website	4,182	-	-	4,182	1,831
Equipment Rental & Maintenance	-	4,123	-	4,123	5,996
Miscellaneous	-	1,075	1,500	2,575	7,736
Special Events	2,273	-	-	2,273	2,537
Software	-	1,772	-	1,772	2,324
Travel	1,310	-	-	1,310	818
Dues	-	908	-	908	1,939
<b>Total Expenses</b>	<b>\$ 810,043</b>	<b>\$ 294,576</b>	<b>\$ 6,555</b>	<b>\$ 1,111,174</b>	<b>\$ 986,156</b>

The accompanying notes are an integral part of these financial statements

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

Baton Rouge Little Theater, Inc. is a nonprofit corporation in Baton Rouge, Louisiana, organized under the laws of the state of Louisiana. The Theater is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code for normal operations.

The purpose of the Theater is to create and direct interest locally in the civic theater movement; to produce and stage theatrical entertainments in connection therewith; to promote an interest in worthy plays and in the interpretation thereof; to interest the membership and the public in literary accomplishments, especially in the theatrical field; to establish a workshop and afford an opportunity of development to those interested in art and more particularly the dramatic art, and its allied and associated subjects.

**B. Basis of Accounting:**

The Theater presents its financial statements on the accrual method of accounting in conformity with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Theater and changes therein are classified and reported as follows:

Unrestricted net assets (deficit) – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Theater and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor imposed stipulations that they be maintained permanently by the Theater.

**C. Cash and Cash Equivalents:**

For purposes of reporting the statements of cash flows, the Theater considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Theater's cash accounts are maintained in a commercial bank.



**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**D. Revenue Recognition:**

The Theater derives its basic support in the form of annually renewed membership subscriptions. The member purchases a five (5) play regular season subscription and/or a two (2) play "Second Stage" season, entitling them to attendance and voting privileges for board elections. The regular season membership is exclusive of the summer musical and other special performances sold on a general admission basis. Sales of theater tickets for the upcoming seasons are recorded as Deferred Income and recognized as Admissions Income in the year the productions are staged. The Theater season begins on or around September 1 and ends on or around July 31 of each year.

In addition to membership subscriptions, the Theater sells individual play performance tickets. Individual tickets sold are those not sold through the season membership subscriptions.

**E. Contributions and grants**

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of 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.

**F. In-Kind Sponsorships and Contributions**

The Organization solicits donations or sponsorships from local area businesses. This support varies in form from direct cash support to in kind contributions of products or services.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contribution of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, that would typically need to be purchased if not provided by donation, are recorded at their fair market value in the period received.

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**F. In-Kind Sponsorships and Contributions - (Continued)**

Virtually all of the actors are unpaid volunteers. The value of those services are estimated and included in the accompanying financial statements in the period the productions were performed. The value of the services are recorded as In Kind Revenue and In Kind Expenses.

The Theater receives other donated services from a variety of unpaid volunteers and area businesses. Those services do not meet the criteria for recording, and therefore are not reflected in the accompanying financial statements.

The Theater has informal arrangements with other nonprofit organizations to include information in its mail-outs in return for the same service from the other organizations. No amounts have been recorded in the accompanying financial statements for the revenue and expense associated with this practice.

**G. Use of Estimates**

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

**H. Property and Equipment**

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. The Theater's capitalization threshold is \$500. Depreciation is provided over the following estimated useful lives of the assets, using the straight-line method:

Buildings	15-40 Years
Equipment	5-20 Years

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**I. Investments**

The Organization has adopted SAS No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under SAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**J. Accounts Receivable**

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from generally accepted accounting principles as it approximates the valuation method.

**K. Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

**NOTE 2 - RESTRICTED INVESTMENTS**

The Theater has established a permanently restricted endowment fund. The fund is held in the Baton Rouge Area Foundation within an investment fund which is managed for income and growth. The investment is recorded in the accompanying financial statements at its fair market value of \$17,815 at July 31, 2011.

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

**NOTE 3: PROPERTY AND EQUIPMENT - NET:**

Changes in property and equipment for the year ended July 31, 2011 were as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Buildings	\$ 769.682	\$ -0-	\$ -0-	\$ 769.682
Equipment	<u>195.407</u>	<u>104.361</u>	<u>-0-</u>	<u>299.768</u>
Total Cost	965.089	104.361	-0-	1,069.450
Accumulated Depreciation	<u>(857.581)</u>	<u>(31.044)</u>	<u>-0-</u>	<u>(888.625)</u>
Net book value	<u>\$ 107,508</u>	<u>\$ 73,317</u>	<u>\$ -0-</u>	<u>\$ 180,825</u>

Depreciation expense for the year ended July 31, 2011 was \$31,044.

**NOTE 4: ADVERTISING**

The Organization expenses advertising production costs as incurred.

A significant portion of the advertising cost is donated or traded in exchange for advertising space in the playbills. The value of the donated or traded advertising is included in revenue as In Kind Revenue and in expenses as In Kind Expenses.

Advertising and printing expense, exclusive of in-kind, for the year ended July 31, 2011 was \$66,807.

**NOTE 5: NET ASSETS**

The Theater's Net Assets consist of Permanently Restricted and Temporarily Restricted Net Assets. The permanently restricted net assets consist of an endowment fund that is held in the Baton Rouge Area Foundation within an investment fund which is managed for income and growth. This investment is recorded in the accompanying financial statements at its fair market value of \$17,815 at July 31, 2011. The temporarily restricted net assets consist of funds for the New Seat Campaign, which concluded in the year ended July 31, 2011, and the Annual Fund that is held in the operating account. The New Seat Campaign consisted of monies donated to fund the replacing of the seats in the Stage I auditorium. The Annual Fund is monies donated each year to be used for their annual season. The temporarily restricted net assets were \$12,381 for the year ended July 31, 2011.

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 6: LINE OF CREDIT**

At July 31, 2011 the Theater had a line of credit with a limit of \$100,000 and with a renewal maturity date of December 12, 2012. Interest on the line of credit is variable at .850% over the Wall Street Journal prime rate (4.1% at July 31, 2011). Interest expense for the year ended July 31, 2011 was \$4,759.

**NOTE 7: LEASE COMMITMENTS**

On August 18, 1960, the Theater entered into a lease, which expires on December 30, 2057. The consideration to the landlord for this lease was the Theater's building a theater on the leased premises and operating a theater therein. The lease requires the theater to pay parking services during the term of the lease. The amount of the parking services charge is not stated in the lease. The accompanying financial statements include \$2,000 per year for the parking services.

The Organization also leases office equipment for \$166 per month under a noncancellable lease.

Total rent expense for equipment included in the accompanying financial statements is \$5,378 for the year ended July 31, 2011.

The future minimum lease payments are as follows:

**YEAR ENDED JULY 31**

2012	\$ 3,824
2013	3,824
2014	2,456
2015	2,000
2016	<u>2,000</u>
	<u>\$14,104</u>

**BATON ROUGE LITTLE THEATER, INC**  
**(A Nonprofit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2011**

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**NOTE 8: IN-KIND DONATIONS**

The Theater receives products and services at no charge from several patrons for advertising, graphic design, printing, talent services, and other services as needed. The amount of In-Kind Donations for the years ended July 31, 2011 are as follows:

**PRODUCT/SERVICES**

Talent Services	\$328,764
Advertising	18,700
Graphic Design	7,000
Printing	7,449
Sets	<u>6,500</u>
	<u>\$368,413</u>

**NOTE 9 – SUBSEQUENT EVENTS**

Management of the Theater has evaluated all subsequent events through February 6, 2012 the date the financial statements were available to be issued. In management's opinion there are no other significant events or transactions which are required to be disclosed in the notes to the financial statements.