

FOLKSBIENE YIDDISH THEATRE, INC.

(d/b/a National Yiddish Theatre Folksbiene)

Financial Statements

June 30, 2017

FOLKSBIENE YIDDISH THEATRE, INC.

(d/b/a National Yiddish Theatre Folksbiene)

Financial Statements

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Independent Auditor's Report

The Board of Trustees
Folksbiene Yiddish Theatre, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Folksbiene Yiddish Theatre, Inc. (the "Organization", a nonprofit organization, d/b/a National Yiddish Theatre Folksbiene), which comprise the statement of financial position as of June 30, 2017, 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 consolidated 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 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 above present fairly, in all material respects, the financial position of Folksbiene Yiddish Theatre, Inc. at June 30, 2017 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.

Adjustments to Prior Period Financial Statements

The financial statements of Folksbiene Yiddish Theatre, Inc. for the year ended June 30, 2016 were audited by other auditors whose opinion dated December 29, 2016, expressed an unmodified opinion on those financial statements. As discussed in Note 9 to the financial statements, the Organization restated its 2016 financial statements to correct misstatements identified in the previously issued financial statements.

As part of our audit of the 2017 financial statements, we also audited the adjustments described in Note 9 that were applied to restate the 2016 financial statements. In our opinion such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

Report on Summarized Comparative Information

As noted above, the financial statements of Folksbiene Yiddish Theatre, Inc. as of and for the year ended June 30, 2016, were audited by other auditors whose opinion dated December 29, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived, taking into consideration the prior period adjustments noted above.

Rogoff & Company PC

New York, New York
January 26, 2018

Folksbiene Yiddish Theatre, Inc
(d/b/a National Yiddish Theatre Folksbiene)

Statement of Financial Position

June 30, 2017

(with comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u> <u>(Restated)</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 760,675	\$ 879,884
Grants and contributions receivable	190,575	208,309
Other receivables	37,610	16,309
Prepaid expenses	68,892	71,000
Security deposits	51,547	60,896
Deferred production costs	141,317	155,553
Investments, at fair value	11,021	2,536
Property and equipment, net	<u>14,934</u>	<u>24,566</u>
 Total assets	 <u>\$ 1,276,571</u>	 <u>\$ 1,419,053</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 59,401	\$ 122,288
Deferred revenue	18,522	32,348
Security deposit payable	12,695	12,695
Loans payable	-	27,125
Total liabilities	<u>90,618</u>	<u>194,456</u>
Net assets:		
Unrestricted	1,185,953	1,209,597
Temporarily restricted	<u>-</u>	<u>15,000</u>
Total net assets	<u>1,185,953</u>	<u>1,224,597</u>
 Total liabilities and net assets	 <u>\$ 1,276,571</u>	 <u>\$ 1,419,053</u>

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

Folksbiene Yiddish Theatre, Inc
(d/b/a National Yiddish Theatre Folksbiene)

Statement of Activities

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	2017	2016 (Restated)
Revenue and Support				
Support				
Fundraising events	\$ 708,230	\$ -	\$ 708,230	\$ 927,008
Cost of direct benefits	(94,582)	-	(94,582)	(176,765)
	613,648	-	613,648	750,243
Grants and contributions	787,933	5,000	792,933	758,903
In-kind contributions	64,400	-	64,400	28,300
	1,465,981	5,000	1,470,981	1,537,446
Net assets released from restrictions	20,000	(20,000)	-	-
	1,485,981	(15,000)	1,470,981	1,537,446
Program service revenue				
Ticket sales	272,899	-	272,899	218,093
Outreach	94,973	-	94,973	106,590
	367,872	-	367,872	324,683
Other revenue				
Membership dues	23,376	-	23,376	15,084
Interest and dividends	1,880	-	1,880	2,298
Income from lease assumption	-	-	-	27,444
	25,256	-	25,256	44,826
Total Revenue and Support	1,879,109	(15,000)	1,864,109	1,906,955
Expenses				
Program services	942,075	-	942,075	1,071,060
Supporting Services				
General administrative	780,790	-	780,790	636,915
Fundraising	139,763	-	139,763	306,387
Total Expenses	1,862,628	-	1,862,628	2,014,362
Excess (deficiency) of revenue and support over expenses	16,481	(15,000)	1,481	(107,407)
Net realized and unrealized gains (losses) on investments	(40,125)	-	(40,125)	91
Change in net assets	(23,644)	(15,000)	(38,644)	(107,316)
Net assets, beginning of year	1,209,597	15,000	1,224,597	1,331,913
Net assets, end of year	\$ 1,185,953	\$ -	\$ 1,185,953	\$ 1,224,597

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

Folksbiene Yiddish Theatre, Inc
(d/b/a National Yiddish Theatre Folksbiene)

Statement of Functional Expenses

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

	Program Services	General Administration	Fund Raising	2017	2016 (Restated)
Salaries and wages	\$ 372,495	\$ 477,166	\$ 75,538	\$ 925,199	\$ 894,788
Payroll taxes	35,850	47,056	7,270	90,176	94,790
Employee benefits	-	12,752	-	12,752	23,413
Actors, performers and tech fees	88,907	-	-	88,907	52,183
Musicians	28,991	-	-	28,991	6,253
Professional fees	114,897	41,565	-	156,462	200,087
Production expenses	102,341	-	-	102,341	165,510
Occupancy					
Office	-	77,819	-	77,819	102,189
Theater	12,444	-	10,827	23,271	17,018
Advertising and publicity	80,445	2,747	4,543	87,735	112,051
Office and other expenses	24,887	52,605	12,363	89,855	86,748
Printing, copying and postage	28,961	3,925	21,253	54,139	59,577
Insurance	9,658	23,319	1,959	34,936	47,345
Travel, meals and lodging	10,431	11,851	3,143	25,425	54,515
Catering	21,640	-	-	21,640	11,753
Computer and internet expenses	-	27,654	1,602	29,256	28,881
Graphic design, photography and videography	6,215	-	1,265	7,480	10,704
Depreciation	3,913	2,331	-	6,244	7,736
Moving expenses	-	-	-	-	38,821
	<u>\$ 942,075</u>	<u>\$ 780,790</u>	<u>\$ 139,763</u>	<u>\$ 1,862,628</u>	<u>\$ 2,014,362</u>

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

Folksbiene Yiddish Theatre, Inc
(d/b/a National Yiddish Theatre Folksbiene)

Statement of Cash Flows

Year Ended June 30, 2017
(with comparative totals as of June 30, 2016)

	2017	2016 (Restated)
Cash flows from operating activities:		
Change in net assets	\$ (38,644)	\$ (107,316)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	6,244	7,736
Disposal of property and equipment	6,609	-
Unrealized loss on investments	40,125	-
Gifted stock	-	(1,115)
Decrease (increase) in:		
Grants and contributions receivable	17,734	(32,543)
Other receivables	(21,301)	42,836
Prepaid expenses	2,108	(63,521)
Security deposits	9,349	(23,641)
Deferred production costs	14,236	(155,553)
Increase(decrease) in:		
Accounts payable and accrued expenses	(62,887)	3,414
Deferred income	(13,826)	32,348
Security deposit payable	-	12,695
Loans payable	(27,125)	-
Accrued rent	-	(27,444)
Net cash used in operating activities	(67,379)	(312,104)
Cash flows from investing activities:		
Sale of investments	1,390	-
Purchase of investments	(50,000)	-
Purchase of property and equipment	(3,220)	(9,955)
Net cash used in investing activities	(51,830)	(9,955)
Net decrease in cash and cash equivalents	(119,209)	(322,059)
Cash and cash equivalents, beginning of year	879,884	1,201,943
Cash and cash equivalents, end of year	\$ 760,675	\$ 879,884

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

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 1. Nature of Activities

Since 1915, the award-winning National Yiddish Theatre Folksbiene (NYTF) has presented a window into the world of Jewish culture by engaging, educating, and igniting the imaginations of generations of theatergoers. It is the longest consecutively-producing Yiddish theatre company in the world and New York City's longest consecutively producing performing arts company. NYTF presents plays, musicals, concerts, literary events and workshops in English, Yiddish, Ladino, Hebrew and Russian, with English and Russian supertitles accompanying most performances.

Folksbiene Yiddish Theatre, Inc.'s mission is to celebrate the Yiddish experience through the performing arts by transmitting the rich cultural legacy in exciting new ways that bridge social and cultural divides.

Folksbiene Yiddish Theatre, Inc. (the "Organization") fulfills this mission by:

- Sustaining Yiddish culture through the arts;
- Bridging diverse communities through multicultural programming;
- Dramatizing the Jewish experience;
- Educating future artists and audiences; and
- Strengthening cultural identity in each generation.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification under which 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. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 2. Summary of Significant Accounting Policies – continued

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

Permanently Restricted – Net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

As of June 30, 2017, there were no temporarily or permanently restricted net assets.

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 of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash held in checking accounts, excluding amounts included in investments. From time to time, the Organization maintains funds in financial institutions in excess of federally or other insured limits. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Promises to Give

Unconditional promises to give are recognized as contributions in the period such promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management believes that all outstanding balances are collectible and an allowance for doubtful accounts is not required.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 2. Summary of Significant Accounting Policies – continued

Grants and contributions

Grants and contributions are recognized as income within the appropriate net asset group when they are received or unconditionally pledged.

All grants and contributions are considered unrestricted unless they are specifically restricted by donors or are subject to other legal restrictions.

The Organization reports contributions as temporarily restricted if there are donor stipulations that limit the expenditure of the assets for specific purposes, or that designate them as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

In-kind contributions

The Organization receives office space at no cost. The fair value of this space is recognized as contribution and expense in the financial statements.

Donated services are recognized as contributions if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are recorded at their estimated fair value as both revenue and an expense in the statement of activities.

In addition, a substantial number of volunteers have donated significant amounts of time and services in the Organization's programs and supporting services. However, such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Deferred Production Costs

Production costs relating to future performances are deferred and recognized as expense when performances are staged. Deferred production costs include payroll, artistic fees, scenery, costumes, and other costs.

Deferred income

Tickets sold for future theatre performances are deferred and recognized in the periods to which the performances relate.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 2. Summary of Significant Accounting Policies – continued

Investments

Investments are stated at fair value. Investment income, unrealized gains and losses, are reported as increases or decreases in unrestricted net assets.

Property and equipment

All acquisitions of property and equipment in excess of \$2,000 are capitalized. Property and equipment are stated at cost or fair value at date of gift, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Management reviews property and equipment for impairment. Property and equipment are written off to operations when considered impaired.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Similar tax-exempt status applies at the state and local levels.

The Organization recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Organization evaluated its tax positions and determined that it has no uncertain tax positions.

Advertising and publicity

Advertising and publicity costs are expensed as incurred. Advertising and publicity expense for the year ended June 30, 2017 was \$87,735.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 3. Commitments and Contingencies

In September 2013, the Organization signed a seven-year lease for office space that began January 8, 2014 and expires February 29, 2021. The Organization moved to a new office space and assigned this lease beginning March 1, 2016.

The Organization remains liable to the landlord for any default by the assignee.

Scheduled rental payments under the old lease are as follows:

<u>June 30,</u>		
2018	\$	84,632
2019		86,748
2020		88,917
2021		60,573

Note 4. Retirement Plan

The Organization sponsors a defined contribution 401(k) pension plan that covers all eligible employees. Matches of eligible contributions are made at the discretion of the Organization. No contributions were made for the year ended June 30, 2017.

Note 5. Related Party Information

The Organization recognized a contribution of \$27,125, the amount of a loan that a trustee forgave during the year.

Note 6. Property and Equipment

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The components of property and equipment and estimated useful lives of assets are as follows:

		<u>Estimated Useful Lives</u>
Office furniture and equipment	\$ 28,950	5-8 years
Stage equipment	28,165	5-7 years
	<u>\$ 57,115</u>	
Accumulated Depreciation	<u>(42,181)</u>	
	<u>\$ 14,934</u>	

Depreciation expense for the year ended June 30, 2017 was \$6,244.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 7. Fair Value Measurements

The Organization's investments are stated at fair value in accordance with a fair value hierarchy that prioritizes the valuation inputs, which are summarized as follows:

Level 1

Valuation is based upon quoted prices for identical securities in active markets.

Level 2

Valuation is based upon inputs other than quoted prices for similar securities in active markets and quoted prices for identical or similar securities in markets that are not active.

Level 3

Valuation is based upon inputs that are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The Organization believes its valuation methods are appropriate and consistent. However, the use of different methodologies could result in a different fair value measurement at the reporting date.

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

In 2017, the Organization entered into an agreement to invest in a limited liability company for the production of a Broadway play. The play's final performance was June 25, 2017. Fair value is estimated at \$10,000 cash distributions received after year end. Management believes the Organization will not receive additional cash distributions.

Folksbiene Yiddish Theatre, Inc.
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Notes to Financial Statements

Year Ended June 30, 2017

Note 7. Fair Value Measurements – continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 655	\$ 655	\$ -	\$ -
Common stock	366	366	-	-
Investment in limited liability company	10,000	-	-	10,000
Total	\$ 11,021	\$ 1,021	\$ -	\$ 10,000

Changes to Level 3 investments are as follows:

Balance June 30, 2016	\$ -
Purchases	50,000
Sales	-
Unrealized loss	(40,000)
Balance June 30, 2017	\$ 10,000

Note 8. Temporarily Restricted Net Assets

During the year ended June 30, 2017, temporarily restricted net assets were expended and released from restrictions for the following purpose:

Outreach program	<u>\$ 20,000</u>
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Note 9. Prior Period Adjustments

Net assets at June 30, 2015, have been restated to correct errors in cash, contributions and grants receivable, and other receivables in the previously issued financial statements. The net effect of these adjustments resulted in a decrease in net assets of \$3,254.

Folksbiene Yiddish Theatre, Inc.
(d/b/a National Yiddish Theatre Folksbiene)

Notes to Financial Statements

Year Ended June 30, 2017

Note 9. Prior Period Adjustments – continued

Net assets at June 30, 2016, have been restated to correct errors in cash and contributions and grants receivable in the previously issued financial statements. The net effect of these adjustments resulted in a decrease in net assets of \$16,713.

The effect of these adjustments on previously reported amounts are as follows:

	2016 As Previously Reported	2016 As Restated	Effect of Restatement Increase (Decrease)
Unrestricted net assets			
Beginning of year	\$ 1,240,167	\$ 1,236,913	\$ (3,254)
End of year	1,229,564	1,209,597	(19,967)
Grants and contributions	773,994	758,903	(15,091)
Program services expenses	1,069,438	1,071,060	1,622

Note 10. Subsequent Events

Management has evaluated subsequent events through January 26, 2018, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.