

**THE ACTORS THEATRE WORKSHOP, INC.**

**Financial Statements**

**&**

**Independent Accountant's Review Report**

**For the Year Ended June 30, 2023**

# THE ACTORS THEATRE WORKSHOP, INC.

June 30, 2023

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To Management  
The Actors Theatre Workshop, Inc.  
New York, NY

We have reviewed the accompanying financial statements of The Actors Theatre Workshop, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, other changes and statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Actors Theatre Workshop, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 7 to the financials, net assets as of July 1, 2022 have been restated to correct prior misstatements. Our opinion is not modified with respect to this matter.



Ravi Ramaswamy, CPA  
Monmouth Junction, NJ  
May 10, 2024

**The Actors Theatre Workshop, Inc.****Statement of Financial Position  
June 30, 2023**

|   | <u>2023</u>              |
|---|--------------------------|
| <b>ASSETS</b>                           |                          |
| Cash & cash equivalents (Note 1 & 3)    | \$ 59,787                |
| Accounts receivable (Note 1 & 4)        | 15,510                   |
| Right-of-use lease asset (Note 10)      | 200,647                  |
| Property and equipment, net (Note 1)    | 13,357                   |
| Security deposit                        | 26,430                   |
| <b>TOTAL ASSETS</b>                     | <u><u>\$ 315,731</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                          |
| <u>Liabilities:</u>                     |                          |
| Accounts payable & accrued expenses     | 10,307                   |
| Payroll Liabilities                     | 275                      |
| Loan payable (Note 8)                   | 8,965                    |
| Lease Liability (Note 10)               | 235,629                  |
| Total Liabilities                       | <u>255,176</u>           |
| <u>Net Assets</u>                       |                          |
| Net Assets with Donor Restrictions      | -                        |
| Net Assets without Donor Restrictions   | 60,555                   |
| Total Net Assets                        | <u>60,555</u>            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 315,731</u></u> |

See accompanying notes and independent accountant's review report

**Actor Theatre Workshop Inc.**

**Statement of Activities & Other Changes in Net Assets  
For the Years Ended June 30, 2023**

| <b>Changes in Unrestricted Net Assets</b>                                  | <b>2023</b>      |
|--|------------------|
| <b>Revenues &amp; Support</b>  |                  |
| Government Grant Income  | \$ 103,800       |
| Contribution (Corporation)   | 4,500            |
| Contribution (Foundation)  | 326,000          |
| Contribution (Individual)  | 9,608            |
| Studio rental income   | 19,712           |
| Contributed items and services (Note 9)                                    | 212,000          |
| Other Income   | 181              |
| <b>Total Revenues</b>  | <b>675,801</b>   |
| <b>Expenses:</b>   |                  |
| <u>Program Expenses:</u>   | 584,810          |
| <b>Total Program Expenses</b>  | <b>584,810</b>   |
| <u>Supporting Services:</u>  |                  |
| General & Administration   | 53,446           |
| Fundraising expenses   | 23,888           |
| <b>Total Supporting Expenses</b>   | <b>77,334</b>    |
| <b>Total Expenses</b>  | <b>662,144</b>   |
| Increase/(Decrease) in net assets (without donor restrictions)             | 13,657           |
| Prior period adjustment (Note 7)   | (90,976)         |
| Net assets, beginning of the year (without donor restrictions) as restated | 137,874          |
| <b>Net assets, end of the year (without donor restrictions)</b>            | <b>\$ 60,555</b> |

See accompanying notes and independent accountant's review report

**Actor Theatre Workshop Inc.****Statement of Cash Flows  
June 30, 2023****CASH FLOWS FROM OPERATING ACTIVITIES**

|   |           |
|---|-----------|
| Net Income  | \$ 13,658 |
| Adjustments to reconcile increased in net assets to net cash provided by (used in) operating activities |           |
| <i>Decrease (increase) in operating assets</i>  |           |
| Depreciation and amortization   | 266,895   |
| Accounts receivable   | (5,510)   |
| Grant Receivable  | (3,521)   |
| Accounts payable  | (54,113)  |
| Lease liability   | 235,629   |
| Payroll Liabilities   | 276       |

|   |                   |
|---|-------------------|
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 453,314</u> |
|---|-------------------|

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                    |           |
|------------------------------------|-----------|
| Right of Use-assets (Note 10)      | (462,659) |
| Proceeds from sale of fixed assets | -         |

|                                       |                  |
|---------------------------------------|------------------|
| NET CASH USED IN INVESTING ACTIVITIES | <u>(462,659)</u> |
|---------------------------------------|------------------|

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                       |          |
|---------------------------------------|----------|
| NET CASH USED IN FINANCING ACTIVITIES | <u>-</u> |
|---------------------------------------|----------|

|   |                |
|---|----------------|
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>(9,345)</b> |
|---|----------------|

|  |               |
|--|---------------|
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>69,132</u> |
|--|---------------|

|   |                         |
|---|-------------------------|
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> | <b><u>\$ 59,787</u></b> |
|---|-------------------------|

Required Disclosures:

Cash paid for Interest during the year is Zero.

Cash paid for Federal Income tax is Zero.

See accompanying notes and independent accountant's review report

**The Actors Theatre Workshop, Inc.**

**Statement of Functional Expenses  
June 30, 2023**

| Particulars                    | Supporting Services |                                   |                      | 2023                      |                   |
|--------------------------------|---------------------|-----------------------------------|----------------------|---------------------------|-------------------|
|                                | Program Services    | General & Administration Expenses | Fundraising Expenses | Total Supporting Services | Total Expenses    |
| Advertising                    | \$ 851              | \$ 262                            | \$ 196               | 458                       | \$ 1,309          |
| Bank charges                   | 184                 | 194                               |                      | 194                       | 378               |
| Cleaning services              | 1,448               | 1,448                             |                      | 1,448                     | 2,895             |
| Contributed items and services | 212,000             |                                   |                      | -                         | 212,000           |
| Conference and meetings        | 332                 |                                   | -                    | -                         | 332               |
| Depreciation                   | -                   | 4,883                             |                      | 4,883                     | 4,883             |
| Dues and subscriptions         | 109                 |                                   |                      | -                         | 109               |
| Equipment                      | 3,071               | 614                               | 409                  | 1,024                     | 4,094             |
| Fundraising expense            |                     |                                   | 295                  | 295                       | 295               |
| Insurance                      | 4,802               | 534                               |                      | 534                       | 5,335             |
| Payroll                        | 87,790              | 10,328                            | 5,164                | 15,492                    | 103,282           |
| Payroll taxes                  | 9,197               | 1,082                             | 541                  | 1,623                     | 10,820            |
| Postage                        | 21                  |                                   |                      | -                         | 21                |
| Professional fees              | 12,410              | 5,171                             | 3,102                | 8,273                     | 20,683            |
| Payroll services               | 174                 | 52                                | 121                  | 174                       | 347               |
| Rent                           | 230,235             | 27,087                            | 13,543               | 40,630                    | 270,865           |
| Repairs and maintenance        | 1,535               |                                   |                      | -                         | 1,535             |
| Security                       | 255                 |                                   |                      | -                         | 255               |
| Supplies                       | 2,099               | 370                               |                      | 370                       | 2,469             |
| Taxes                          | -                   | 110                               |                      | 110                       | 110               |
| Telephone                      | 3,374               |                                   |                      | -                         | 3,374             |
| Travel                         | 5,362               | 282                               |                      | 282                       | 5,644             |
| Utilities                      | 8,753               | 1,030                             | 515                  | 1,545                     | 10,298            |
| Website and internet           | 811                 |                                   |                      | -                         | 811               |
| <b>Total Expenses</b>          | <b>\$ 584,810</b>   | <b>53,446</b>                     | <b>23,888</b>        | <b>77,334</b>             | <b>\$ 662,144</b> |

See accompanying notes to financial statements and independent auditor's report

**The Actors Theatre Workshop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1 – Summary of Significant Accounting Policies**

Nature of Organization and Operations

The Actors Theatre Workshop, Inc. was incorporated on September 12, 1990 under the laws of the State of New York as non-profit organization. On January 1991, it was approved as a tax-exempt organization under IRC code 501(c)(3) by the Internal Revenue Service.

The Actors Theatre Workshop, Inc. (“ATW”) is a non-profit theatre and educational institution founded by Thurman E. Scott with a mission to help people from all walks of life achieve their potential through drama. ATW offers a wide range of theatre education programs to the community, with a focus on making a difference in the lives of homeless children and community at large; develops new dramatic work; produces classical and contemporary plays; and trains actors, directors, and writers.

Basis of Accounting

The organization’s financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net Assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets with donor restrictions** – Net Assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-profit organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated funds be maintained in perpetuity.

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. Board may designate assets without restrictions for specific operational purposes from time to time.

Fixed Assets

Fixed assets that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value on the date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

- Automobile – 7 years
- Building – 39.5 years
- Building improvements – 10 to 39.5 years
- Furniture, fixtures and equipment – 3 to 10 years

**The Actors Theatre Workshop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Contributions and grants

All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as reclassifications of net assets.

Contributed Services

The Organization receives donated services from unpaid individuals who manage the organization and lead its program. No amounts have been recognized in the statement of activities since the criteria for recognition under FASB ASC 958 have not been satisfied except as per Note 9.

Accounts Receivable

Accounts receivables are stated at the amounts the management expects to collect from outstanding balances. Management closely monitors outstanding balances for probable write off of doubtful debts as of year-end.

Cash Equivalents

The organization defines cash, for the purpose of reporting cash flows, as cash on hand, amounts held at financial institutions and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short term for these purposes. Cash and cash equivalents are held in checking and savings accounts at various financial institutions.

Concentration of Credit Risk

The Organization maintain its cash deposits at one financial institution which may at times exceed federally-insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporations up to \$250,000. The Organization has not experienced any losses in such accounts. The organization is not exposed to credit risk on cash and cash equivalents.

Income Taxes

The Actors Theatre Workshop, Inc. is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by Internal Revenue Service as other than a private foundation under section 509(a)(1). Accordingly, provision for income taxes has not been made on the financial statements. In addition, donations to the organization qualify for the charitable contribution deduction under section 170(b)(1)(A) (vi).

**The Actors Theatre Workshop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the 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.

**Note 2 – Related Parties**

The Organization has a conflict-of-interest policy whereby Board members must advise the Board of Directors of any direct or indirect material interest in any transaction or relationship with the organization and not participate in discussions and decisions regarding any action affecting their individual, professional or business interests. The organization has determined no such related parties' transactions occurred during that period which requires recognition or disclosure in these financial statements.

**Note 3 - Fair Value of Financial Instruments**

The Organization's financial instruments consist primarily of cash, accounts receivable and accounts payable. These balances, as presented in the financial statements as of June 30, 2023, approximate their fair market value because of their short maturities.

**Note 4 – Accounts Receivable**

Accounts Receivable consists of following as of June 30, 2023 and 2022.

|                     | 2023     | 2022     |
|---------------------|----------|----------|
| Accounts Receivable | 15,510   | 41,480   |
| Total               | \$15,510 | \$41,480 |

**Note 5 – Availability and Liquidity**

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization relies on earned income and investment income to fund its operations and program activities.

**Financial assets at year end**

|   |                  |
|---|------------------|
| Cash and cash equivalents   | \$ 59,787        |
| Accounts Receivable   | <u>\$ 15,510</u> |
| Financial assets available to meet cash needs for<br>general expenditures within one year | <u>\$ 75,297</u> |

**The Actors Theatre Workshop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

As of June 30, 2023, there are no internal or external limits imposed on the Organization's financial assets.

**Note 6 – Subsequent Events**

The Company has evaluated all subsequent events to the balance sheet date of June 30, 2023 through the date the financial statements were available to be issued, May 10, 2024. The Company has determined there are no subsequent events or transactions occurred during that period which requires recognition or disclosure in these financial statements.

**Note 7 – Prior Period Adjustment**

During the fiscal year ended June 30, 2023, it was determined that certain revenues and expenses incurred were not recorded in the correct periods; therefore, a prior period adjustment has been recorded in the amount of \$90,976 to account for these transactions.

**Note 8 – Loan payable**

This amount represents an interest free loan from the founder Mr. Thurman E. Scott in the amount of \$8,965. There are no prepayment terms for this loan.

**Note 9 – Contributed items and services**

Contributed items are recorded at their estimated fair values at the date the contribution is received. Contributed services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. The total contributed items and services amounted to \$212,000 for 2023 out of which \$27,000 was for food donated and the balance was for donated services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs, campaign solicitations and various committee assignments that are not recorded in the financial statements, since the recognition criteria are not met.

**Note 10 – Leases**

FASB issued ASU No. 2016-02, *Leases*. The ASU which became effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position. In addition to expanded disclosure requirements regarding leasing activities, the new standard significantly changed current lessee accounting for operating leases. Under the new standard all lessees are required to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases of property and equipment, except for certain leases classified as short-term leases.

**The Actors Theatre Workshop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

The organization leases space for their program and administrative office. The organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The total ROU asset was \$462,659 and the lease liability was \$506,160 including interest at the initial determination date. As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$200,647, as shown in the statement of financial-position, and Leases liability totaled \$ 235,629 as shown in the statement of financial position. The right-of-use asset and liability were calculated utilizing the organization's incremental borrowing rate of 2.31% for leases in effect at the adoption of July 2020. The operating lease cost for the year ended June 30, 2023 was \$270,865. The total cash paid by the Organization in the determination of the lease liability was \$279,383 for the year ended June 30, 2023. The balance of the lease term is 11 months and ends May 31, 2024.

Future minimal rental payments under this lease for the years ending subsequent to June 30, 2023 are as follows:

|      |           |
|------|-----------|
| 2024 | \$235,628 |
|------|-----------|