

THE JUNGLE THEATER
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019 AND
EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018

**THE JUNGLE THEATER
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019 AND EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
The Jungle Theater
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Jungle Theater, which comprise the balance sheets as of August 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the year ended August 31, 2019, and the eight-month period ended August 31, 2018, 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 audits. We conducted our audits 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 auditors' 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.

Board of Directors
The Jungle Theater

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jungle Theater as of August 31, 2019 and 2018, the changes in its net assets and its cash flows for the year ended August 31, 2019, and the eight-month period ended August 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2019

**THE JUNGLE THEATER
BALANCE SHEETS
AUGUST 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 439,399	\$ 423,755
Accounts Receivable	198	11,320
Grants Receivable	175,029	176,407
Prepaid Expenses	142,759	93,171
Total Current Assets	757,385	704,653
PROPERTY AND EQUIPMENT, NET	1,207,061	1,280,607
Total Assets	\$ 1,964,446	\$ 1,985,260
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 124,278	\$ 49,083
Accrued Expenses	44,261	53,753
Current Portion of Capital Lease Payable	-	3,658
Current Portion of Notes Payable - Special Assessments	2,888	2,888
Current Portion of Notes Payable - Term Loan	21,953	20,580
Deferred Revenue	373,296	451,267
Total Current Liabilities	566,676	581,229
NOTES PAYABLE - SPECIAL ASSESSMENT (NET OF CURRENT PORTION)	15,054	16,678
NOTES PAYABLE - TERM LOAN (NET OF CURRENT PORTION)	61,376	83,374
Total Liabilities	643,106	681,281
NET ASSETS		
Without Donor Restrictions:		
Undesignated Net Assets	(169,684)	(198,174)
Net Investment in Property and Equipment	1,105,790	1,153,429
Without Donor Restrictions	936,106	955,255
With Donor Restrictions	385,234	348,724
Total Net Assets	1,321,340	1,303,979
Total Liabilities and Net Assets	\$ 1,964,446	\$ 1,985,260

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019 AND EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018

	Year Ended August 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Foundation Contributions	\$ 93,500	\$ 300,000	\$ 393,500
Corporate Contributions	135,917	-	135,917
Government Grants	25,299	80,007	105,306
Individual Contributions	487,061	-	487,061
Special Events (Net of \$12,393 and \$7,114 of Expenses for 2019 and 2018, Respectively)	74,077	-	74,077
Total Support	815,854	380,007	1,195,861
REVENUE			
Ticket Sales	1,053,732	-	1,053,732
Advertising and Concession Income	55,758	-	55,758
Other Earned Income	18,883	-	18,883
Total Revenue	1,128,373	-	1,128,373
 Net Assets Released from Restrictions	343,497	(343,497)	-
Total Support and Revenue	2,287,724	36,510	2,324,234
EXPENSES			
Program Services:			
Mainstage	1,736,467	-	1,736,467
Support Services:			
Management and General	433,958	-	433,958
Fundraising	136,448	-	136,448
Total Support Services	570,406	-	570,406
Total Expenses	2,306,873	-	2,306,873
CHANGE IN NET ASSETS	(19,149)	36,510	17,361
Net Assets - Beginning of the Year	955,255	348,724	1,303,979
NET ASSETS - END OF THE YEAR	\$ 936,106	\$ 385,234	\$ 1,321,340

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENTS OF ACTIVITIES (CONTINUED)
YEAR ENDED AUGUST 31, 2019 AND EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018

	Eight Months Ended August 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Foundation Contributions	\$ 33,893	\$ 250,000	\$ 283,893
Corporate Contributions	125,200	-	125,200
Government Grants	-	168,119	168,119
Individual Contributions	119,037	-	119,037
Special Events (Net of \$12,393 and \$7,114 of Expenses for 2019 and 2018, Respectively)	70,298	-	70,298
Total Support	348,428	418,119	766,547
REVENUE			
Ticket Sales	758,050	-	758,050
Advertising and Concession Income	57,900	-	57,900
Other Earned Income	19,626	-	19,626
Total Revenue	835,576	-	835,576
 Net Assets Released from Restrictions	203,233	(203,233)	-
Total Support and Revenue	1,387,237	214,886	1,602,123
EXPENSES			
Program Services:			
Mainstage	1,009,422	-	1,009,422
Support Services:			
Management and General	269,524	-	269,524
Fundraising	50,796	-	50,796
Total Support Services	320,320	-	320,320
Total Expenses	1,329,742	-	1,329,742
CHANGE IN NET ASSETS	57,495	214,886	272,381
Net Assets - Beginning of the Year	897,760	133,838	1,031,598
NET ASSETS - END OF THE YEAR	\$ 955,255	\$ 348,724	\$ 1,303,979

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services			Total All Services
	Mainstage	Management and General	Fundraising	Total Support Services	
Salaries	\$ 817,505	\$ 87,094	\$ 84,939	\$ 172,033	\$ 989,538
Payroll Taxes	99,292	6,573	3,162	9,735	109,027
Benefits	117,704	5,795	4,465	10,260	127,964
Total Personnel Costs	1,034,501	99,462	92,566	192,028	1,226,529
Production Expense	283,708	27	-	27	283,735
Ticketing Expense	98,680	-	-	-	98,680
Concession Expense	24,901	-	-	-	24,901
Travel and Housing	28,807	1,294	6	1,300	30,107
Hospitality	8,815	5,964	826	6,790	15,605
Advertising and Marketing	-	43,373	-	43,373	43,373
Printing	5,220	39,896	8,773	48,669	53,889
Postage and Shipping	4,842	9,191	1,286	10,477	15,319
Supplies	3,388	638	7,661	8,299	11,687
Repair and Maintenance	29,951	42,774	-	42,774	72,725
Utilities	30,824	6,036	1,294	7,330	38,154
Telephone	7,032	1,186	254	1,440	8,472
Dues and Subscriptions	-	4,663	-	4,663	4,663
Accounting	12,465	101,524	-	101,524	113,989
Contract Services	45,533	35,200	19,920	55,120	100,653
Insurance	32,912	5,551	1,190	6,741	39,653
Interest	-	11,825	-	11,825	11,825
Bank and Merchant Fees	-	1,322	-	1,322	1,322
Income Taxes	-	1,021	-	1,021	1,021
Miscellaneous	8,186	10,073	12,293	22,366	30,552
Total	1,659,765	421,020	146,069	567,089	2,226,854
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	-	-	(12,393)	(12,393)	(12,393)
Expenses Before Depreciation	1,659,765	421,020	133,676	554,696	2,214,461
Depreciation	76,702	12,938	2,772	15,710	92,412
Total Expense	\$ 1,736,467	\$ 433,958	\$ 136,448	\$ 570,406	\$ 2,306,873
Percentage	75.27%	18.82%	5.91%	24.73%	100.00%

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENT OF FUNCTIONAL EXPENSES
EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018

	Program Services		Support Services		Total All Services
	Mainstage	Management and General	Fundraising	Total Support Services	
Salaries	\$ 471,189	\$ 76,522	\$ 17,046	\$ 93,568	\$ 564,757
Payroll Taxes	51,533	7,243	1,157	8,400	59,933
Benefits	49,556	2,627	4,617	7,244	56,800
Total Personnel Costs	572,278	86,392	22,820	109,212	681,490
Production Expense	155,663	-	-	-	155,663
Ticketing Expense	70,446	-	-	-	70,446
Concession Expense	25,428	-	-	-	25,428
Travel and Housing	3,161	1,409	-	1,409	4,570
Hospitality	-	226	4,974	5,200	5,200
Advertising and Marketing	-	37,538	-	37,538	37,538
Printing	23,039	1,072	3,098	4,170	27,209
Postage and Shipping	8,185	228	2,317	2,545	10,730
Supplies	785	519	3,102	3,621	4,406
Repair and Maintenance	9,089	27,267	-	27,267	36,356
Utilities	23,961	4,042	866	4,908	28,869
Telephone	4,467	753	161	914	5,381
Dues and Subscriptions	-	1,211	-	1,211	1,211
Accounting	-	58,177	-	58,177	58,177
Contract Services	12,960	12,000	8,100	20,100	33,060
Insurance	49,039	15,261	1,772	17,033	66,072
Interest	654	9,565	-	9,565	10,219
Bank and Merchant Fees	-	818	88	906	906
Income Taxes	-	303	-	303	303
Miscellaneous	2,500	4,686	8,885	13,571	16,071
Total	961,655	261,467	56,183	317,650	1,279,305
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	-	-	(7,114)	(7,114)	(7,114)
Expenses Before Depreciation	961,655	261,467	49,069	310,536	1,272,191
Depreciation	47,767	8,057	1,727	9,784	57,551
Total Expense	\$ 1,009,422	\$ 269,524	\$ 50,796	\$ 320,320	\$ 1,329,742
Percentage	75.91%	20.27%	3.82%	24.09%	100.00%

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENTS OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019 AND EIGHT-MONTH PERIOD ENDED AUGUST 31, 2018

	<u>Year Ended</u> <u>August 31, 2019</u>	<u>Eight-Month</u> <u>Period Ended</u> <u>August 31, 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 17,361	\$ 272,381
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	92,412	57,551
(Increase) Decrease in Current Assets:		
Accounts Receivable	11,122	2,593
Contributions and Grants Receivable	1,378	(29,830)
Prepaid Expenses	(49,588)	(71,428)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	75,195	(17,321)
Accrued Expenses	(9,492)	2,736
Deferred Revenue	(77,971)	124,582
Net Cash Provided by Operating Activities	<u>60,417</u>	<u>341,264</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Property and Equipment Purchases	(18,866)	(37,304)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Notes Payable - Term Loan and Special Assessments	(22,249)	(16,252)
Proceeds from Line of Credit	100,000	110,000
Payment of Line of Credit	(100,000)	(110,000)
Payment of Capital Lease	(3,658)	(2,404)
Net Cash Used by Financing Activities	<u>(25,907)</u>	<u>(18,656)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	15,644	285,304
 Cash and Cash Equivalents - Beginning of Year	<u>423,755</u>	<u>138,451</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 439,399</u>	<u>\$ 423,755</u>
 SUPPLEMENTAL INFORMATION		
Cash Payments for Interest	<u>\$ 11,825</u>	<u>\$ 9,287</u>
 Income Taxes Paid	<u>\$ 1,021</u>	<u>\$ 303</u>

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Jungle Theater (the Theater) is a nonprofit organization chartered in the state of Minnesota. The mission of The Jungle Theater is to create powerful and poetic theater in the intimate Jungle home, which is deeply rooted in its Minneapolis neighborhood.

Jungle Theater produced a season of seven mainstage productions in its 148-seat theater. The Jungle maintains a commitment to both new work and the classical canon and has received numerous awards and industry nominations for its productions. Founded by Bain Boehlke in 1991, the Jungle welcomed Artistic Director, Sarah Rasmussen in 2016. The Jungle looks forward to continuing its legacy, declaring the vision of the Jungle to be a neighborhood theater with national impact, sparking meaningful dialogue with audiences through compelling stories, masterful acting, and exquisite design.

Change in Fiscal Year-End

In 2018, the Theater changed its year-end to August 31 from December 31. The Theater changed its year-end to August 31 to better match the business cycle of the organization. These financial statements include the year ended August 31, 2019, and the eight-month period ended August 31, 2018.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, the net assets of the Theater and changes therein are classified and reported as:

Without Donor Restrictions – Resources which are fully available to management and the board of directors for the Theater’s programs or supporting services.

With Donor Restrictions – Resources which the Theater receives subject to donor-imposed restrictions as to specific purposes or time periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

The Theater records as support, at fair value, grants, and contributions received unconditionally, including pledges, certain contributed services, and gifts of long-lived and other assets. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered to be without donor restrictions unless specifically restricted by the donor.

Ticket revenue is recognized over the period of the related performances. Payments for ticket sales for performances that occur subsequent to year-end are shown as deferred revenue.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Theater includes all demand deposits as cash equivalents.

The Theater maintains its cash in bank deposit accounts, which at times may exceed federally insured limit. The Theater has not experienced any losses on such accounts. The Theater believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivables are stated at net realizable value. Accounts are due within 30 days of invoice date. The Theater believes that all accounts are collectible and no allowance has been recorded as of August 31, 2019 and 2018.

Property and Equipment

Property and equipment purchases in excess of \$1,000 are recorded at cost. Expenditures for renewals and betterments are capitalized while repairs and maintenance costs are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the changes in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 10 years for furniture and equipment to 39 years for building and building improvements.

Advertising and Marketing

Advertising costs are expensed when incurred except for direct response advertising which is included in prepaid expense and expensed in the period the related play occurs. Total advertising costs were \$43,373 and \$37,538 for the year ended August 31, 2019, and the eight-month period ended August 31, 2018, respectively. Deferred advertising costs included in prepaid expenses totaled \$8,161 and \$9,316 at August 31, 2019 and 2018, respectively.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Theater received authority from the Internal Revenue Service (IRS) to operate as a tax-exempt organization (public charity) under Section 501(c)(3) of the Internal Revenue Code (IRC). Therefore, charitable contributions by donors are tax deductible. The Theater is subject to unrelated business income tax on advertising revenues. Tax expense on these revenues was estimated at \$1,021 and \$303 for the year ended August 31, 2019, and the eight-month period ended August 31, 2018, respectively.

The Theater has adopted guidance regarding the recognition of uncertain tax positions. This guidance prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Theater's tax returns are subject to review and examination by federal and state authorities.

Contributed Services

Contributed services, which create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills, other than active board and committee members in their roles as such, and would typically need to be purchased if not provided by donation, are recognized as contributions in the accompanying statements.

Although highly valued by the Theater, contributions of time and services provided by many volunteers do not meet the criteria for recognition and, therefore, are not recognized in the financial statements.

Functional Expenses

The Theater follows the policy of charging identifiable expenses directly to program services. Expenses of a general nature are allocated to program and support services based on the activities of Theater personnel, usage of the facility and management's evaluation and judgment.

Subsequent Events

In preparing these financial statements, the Theater has evaluated events and transactions for potential recognition or disclosure through December 2, 2019, the date the financial statements were available to be issued.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT

The Theater receives significant contributions and promises to give restricted by donors, and consider contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Theater manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonableness assurance that long-term obligations will be discharged.

Financial assets available for general expenditure, within one year of the balance sheet date, comprise of the following:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 439,399	\$ 423,755
Less: Purpose Restricted	(251,026)	(279,375)
Accounts Receivable	198	11,320
Grant Receivables	<u>175,029</u>	<u>176,407</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 363,600</u>	<u>\$ 332,107</u>

NOTE 3 GRANTS RECEIVABLE

The Theater reports grants receivable net of an allowance for doubtful accounts and present value discounts. The allowance for doubtful accounts and present value discount was \$-0- as of August 31, 2019 and 2018. At August 31, 2019 and 2018, two grantors comprised 88% and 100% of the grant receivable balance, respectively.

Four contributions comprised 49% of total support revenue during the year ended August 31, 2019. Three contributors comprised 73% of total support revenue during the eight-month period ended August 31, 2018.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 108,957	\$ 108,957
Land Improvements	43,025	43,025
Building and Improvements	2,229,515	2,222,938
Furniture, Fixtures, and Other Equipment	<u>455,820</u>	<u>443,531</u>
Total Cost	2,837,317	2,818,451
Less: Accumulated Depreciation	<u>(1,630,256)</u>	<u>(1,537,844)</u>
Total Property and Equipment	<u>\$ 1,207,061</u>	<u>\$ 1,280,607</u>

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 5 NOTES PAYABLE

Notes payable consist of the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Note payable to Minnesota Nonprofits Assistance Fund maturing on February 16, 2023 with interest at 6.50%. This note is secured by certain assets of the Theater.	\$ 83,329	\$ 103,954
Special Assessment Payable to Hennepin County for street improvements; maturing on January 1, 2026, with interest at 4.25%; annual principal payment of \$866 plus interest.	6,929	7,795
Special Assessment Payable to Hennepin County for streetscape; maturing on January 1, 2023, with interest at 4.00%; annual principal payment of \$2,022 plus interest.	<u>11,013</u>	<u>11,771</u>
Total	101,271	123,520
Less: Current Maturities	<u>24,841</u>	<u>23,468</u>
Total Long-Term Debt	<u><u>\$ 76,430</u></u>	<u><u>\$ 100,052</u></u>

Future principal payments under the refinanced terms are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 24,841
2021	26,321
2022	27,886
2023	18,758
2024	866
Thereafter	<u>2,599</u>
Total Debt Maturities	<u><u>\$ 101,271</u></u>

Line of Credit

The Theater has a \$250,000 line of credit with a maturity date of March 31, 2020. As of August 31, 2019 and 2018, there were no outstanding balances on the line of credit. The line of credit is secured by certain assets of the Theater.

In addition, the Theater has an irrevocable letter of credit in the amount of \$19,469 for the benefit of the Actors' Equity Association in case the terms of its contract are not fulfilled. No amounts are outstanding on this letter of credit as of August 31, 2019.

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 5 NOTES PAYABLE (CONTINUED)

Long-Term Note

On July 27, 1998, the Theater received \$100,000 in Neighborhood Revitalization Program funds in exchange for a note payable in the amount of \$100,000 to the Minneapolis Community Development Agency. The proceeds from this transaction were recorded as operational support when it was first received in 1998, as the Theater fully expected to continue to meet the operating requirement through July 2019. The note and interest was forgiven as the Theater remained as a performing arts theater in July 2019.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods ended:

	<u>2019</u>	<u>2018</u>
General Operating (Future Periods)	\$ 134,208	\$ 69,349
Program Restricted	251,026	279,375
Total	<u>\$ 385,234</u>	<u>\$ 348,724</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
General Operating (Future Periods)	\$ 259,709	\$ 113,458
Program Restricted	83,788	89,775
Total	<u>\$ 343,497</u>	<u>\$ 203,233</u>

NOTE 7 LEASES

The Theater has a lease for a postage meter. The noncancelable terms of the lease have expired. The Theater is making monthly payments for the continued use of the equipment. Rental expense for the year ended August 31, 2019, and the eight-month period ended August 31, 2018 was \$5,772 and \$2,591 for office equipment, respectively.

In addition, beginning in 2014, the Theater has capitalized a computer server that has been recorded as a capital lease. The lease expired in March 2019. The net book value of equipment related to this capital lease is \$-0- and \$778 as of August 31, 2019 and 2018, respectively.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 8 RETIREMENT PLAN

The board of directors established The Jungle Theater Retirement Plan (the Plan), which is a defined contribution plan under section 403(b) of the IRC, for the benefit of all of its eligible employees. The Theater matches employee contributions made into the Plan, up to 2% of employee wages. Employees are allowed to contribute additional amounts through a salary reduction agreement based upon limits imposed by the IRS. The Theater contributed \$3,350 and \$3,066 to the Plan during the year ended August 31, 2019, and the eight-month period ended August 31, 2018, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

Contribution and sponsorship revenues from members of the board of directors totaled \$92,389 and \$44,563 the year ended August 31, 2019, and the eight-month period ended August 31, 2018, respectively.

In 2015, the Theater entered into an agreement with its former Artistic Director that pays \$1,500 per month through June 2020 for consulting services provided. In addition, the Theater would pay the former Artistic Director \$25,000 at any time prior to June 2020. The \$25,000 was accrued at August 31, 2018, and included in Accrued Expenses on the accompanying balance sheet as of August 31, 2018. The Theater paid this one-time payment of \$25,000 to the former artistic director during the year ended August 31, 2019.