

THE JUNGLE THEATER
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2020 AND 2019

**THE JUNGLE THEATER
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YEARS ENDED AUGUST 31, 2020 AND 2019**

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CliftonLarsonAllen LLP
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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, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended August 31, 2020 and 2019, 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, 2020 and 2019, the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 21, 2020

**THE JUNGLE THEATER
BALANCE SHEETS
AUGUST 31, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 286,653	\$ 439,399
Accounts Receivable	-	198
Grants Receivable	84,423	175,029
Prepaid Expenses	56,436	142,759
Total Current Assets	427,512	757,385
PROPERTY AND EQUIPMENT, NET	1,150,651	1,207,061
Total Assets	\$ 1,578,163	\$ 1,964,446
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 29,939	\$ 124,278
Accrued Expenses	17,870	44,261
Current Portion of Notes Payable - Paycheck Protection Program	10,159	-
Current Portion of Notes Payable - Special Assessments	2,888	2,888
Current Portion of Notes Payable - Term Loan	23,433	21,953
Deferred Revenue	122,930	373,296
Total Current Liabilities	207,219	566,676
NOTES PAYABLE - PAYCHECK PROTECTION PROGRAM	173,073	-
NOTES PAYABLE - SPECIAL ASSESSMENT (NET OF CURRENT PORTION)	12,166	15,054
NOTES PAYABLE - TERM LOAN (NET OF CURRENT PORTION)	37,943	61,376
Total Liabilities	430,401	643,106
NET ASSETS		
Without Donor Restrictions:		
Undesignated Net Assets	(162,534)	(169,684)
Net Investment in Property and Equipment	1,074,221	1,105,790
Without Donor Restrictions	911,687	936,106
With Donor Restrictions	236,075	385,234
Total Net Assets	1,147,762	1,321,340
Total Liabilities and Net Assets	\$ 1,578,163	\$ 1,964,446

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER
STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Foundation Contributions	\$ 147,400	\$ 176,000	\$ 323,400
Corporate Contributions	-	-	-
Government Grants	10,000	111,971	121,971
Individual Contributions	465,640	-	465,640
Special Events (Net of \$6,566 and \$12,393 of Expenses for 2020 and 2019, Respectively)	40,389	-	40,389
Total Support	<u>663,429</u>	<u>287,971</u>	<u>951,400</u>
REVENUE			
Ticket Sales	513,395	-	513,395
Advertising and Concession Income	33,885	-	33,885
Other Earned Income	12,740	-	12,740
Total Revenue	<u>560,020</u>	<u>-</u>	<u>560,020</u>
Net Assets Released from Restrictions	<u>437,130</u>	<u>(437,130)</u>	<u>-</u>
Total Support and Revenue	1,660,579	(149,159)	1,511,420
EXPENSES			
Program Services:			
Mainstage	1,310,625	-	1,310,625
Support Services:			
Management and General	284,996	-	284,996
Fundraising	89,377	-	89,377
Total Support Services	<u>374,373</u>	<u>-</u>	<u>374,373</u>
Total Expenses	<u>1,684,998</u>	<u>-</u>	<u>1,684,998</u>
CHANGE IN NET ASSETS	(24,419)	(149,159)	(173,578)
Net Assets - Beginning of the Year	<u>936,106</u>	<u>385,234</u>	<u>1,321,340</u>
NET ASSETS - END OF THE YEAR	<u>\$ 911,687</u>	<u>\$ 236,075</u>	<u>\$ 1,147,762</u>

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
STATEMENTS OF ACTIVITIES (CONTINUED)
YEAR ENDED AUGUST 31, 2019

	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 \$6,566 and \$12,393 of Expenses for 2020 and 2019, Respectively)	74,077	-	74,077
Total Support	<u>815,854</u>	<u>380,007</u>	<u>1,195,861</u>
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	<u>1,128,373</u>	<u>-</u>	<u>1,128,373</u>
Net Assets Released from Restrictions	<u>343,497</u>	<u>(343,497)</u>	<u>-</u>
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	<u>570,406</u>	<u>-</u>	<u>570,406</u>
Total Expenses	<u>2,306,873</u>	<u>-</u>	<u>2,306,873</u>
CHANGE IN NET ASSETS	(19,149)	36,510	17,361
Net Assets - Beginning of the Year	<u>955,255</u>	<u>348,724</u>	<u>1,303,979</u>
NET ASSETS - END OF THE YEAR	<u>\$ 936,106</u>	<u>\$ 385,234</u>	<u>\$ 1,321,340</u>

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

	Program Services	Support Services		Total Support Services	Total All Services
	Mainstage	Management and General	Fundraising		
Salaries	\$ 612,218	\$ 110,845	\$ 60,463	\$ 171,308	\$ 783,526
Payroll Taxes	57,441	6,497	1,675	8,172	65,613
Benefits	70,604	5,793	623	6,416	77,020
Total Personnel Costs	740,263	123,135	62,761	185,896	926,159
Production Expense	231,772	-	-	-	231,772
Ticketing Expense	56,945	-	-	-	56,945
Concession Expense	11,186	-	-	-	11,186
Travel and Housing	10,610	22	-	22	10,632
Hospitality	1,954	2,767	105	2,872	4,826
Advertising and Marketing	-	16,723	-	16,723	16,723
Printing	25,134	3,253	6,313	9,566	34,700
Postage and Shipping	5,342	1,088	466	1,554	6,896
Supplies	4,525	3,017	2,899	5,916	10,441
Repair and Maintenance	11,491	34,473	-	34,473	45,964
Utilities	32,104	5,415	1,160	6,575	38,679
Telephone	7,479	1,262	270	1,532	9,011
Dues and Subscriptions	7,054	25	-	25	7,079
Legal and Accounting	-	29,514	-	29,514	29,514
Contract Services	42,512	26,522	11,442	37,964	80,476
Insurance	40,089	7,029	1,449	8,478	48,567
Interest	-	10,528	-	10,528	10,528
Bank and Merchant Fees	-	1,811	-	1,811	1,811
Income Taxes	-	4,109	-	4,109	4,109
Miscellaneous	263	488	6,118	6,606	6,869
Total	1,228,723	271,181	92,983	364,164	1,592,887
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	-	-	(6,566)	(6,566)	(6,566)
Expenses Before Depreciation	1,228,723	271,181	86,417	357,598	1,586,321
Depreciation	81,902	13,815	2,960	16,775	98,677
Total Functional Expense	\$ 1,310,625	\$ 284,996	\$ 89,377	\$ 374,373	\$ 1,684,998
Percentage	<u>77.78%</u>	<u>16.91%</u>	<u>5.30%</u>	<u>22.22%</u>	<u>100.00%</u>

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	\$ 817,505.00	\$ 87,094	\$ 84,939	\$ 172,033	\$ 989,538
Payroll Taxes	99,292.00	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	<u>75.27%</u>	<u>18.82%</u>	<u>5.91%</u>	<u>24.73%</u>	<u>100.00%</u>

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (173,578)	\$ 17,361
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
In-Kind Contributions of Fixed Assets	(10,000)	-
Depreciation	98,675	92,412
(Increase) Decrease in Current Assets:		
Accounts Receivable	198	11,122
Contributions and Grants Receivable	90,606	1,378
Prepaid Expenses	86,323	(49,588)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(94,339)	75,195
Accrued Expenses	(26,391)	(9,492)
Deferred Revenue	(250,366)	(77,971)
Net Cash Provided (Used) by Operating Activities	(278,872)	60,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and Equipment Purchases	(32,265)	(18,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA Advance and Paycheck Protection Program	183,232	-
Payment of Notes Payable - Term Loan and Special Assessments	(24,841)	(22,249)
Proceeds from Line of Credit	125,000	100,000
Payment of Line of Credit	(125,000)	(100,000)
Payment of Capital Lease	-	(3,658)
Net Cash Provided (Used) by Financing Activities	158,391	(25,907)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(152,746)	15,644
Cash and Cash Equivalents - Beginning of Year	439,399	423,755
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 286,653	\$ 439,399
SUPPLEMENTAL INFORMATION		
Cash Payments for Interest	\$ 10,533	\$ 11,825
Income Taxes Paid	\$ 1,264	\$ 1,021
Fixed Assets Acquired through In-Kind Contribution	\$ 10,000	\$ -

See accompanying Notes to Financial Statements.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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 planned a season of six mainstage productions in its 148-seat theater, but three of the six were postponed indefinitely due to the COVID-19 pandemic. The Theater maintains a commitment to both new work and the classical canon and has received numerous awards and industry nominations for its productions. Founded in 1991, the Theater welcomed interim artistic director Christina Baldwin in 2020, filling the gap left by outgoing artistic director, Sarah Rasmussen. The Theater looks forward to continuing its legacy and adapting to meet the challenges of the times, declaring the vision of the Theater to be a neighborhood theater with national impact, sparking meaningful dialogue with audiences through compelling stories, masterful acting, and exquisite design.

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:

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

Net Assets 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, 2020 AND 2019**

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, 2020 and 2019.

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 year the related play occurs. Total advertising costs were \$16,723 and \$43,373 for the years ended August 31, 2020 and 2019, respectively. Deferred advertising costs included in prepaid expenses totaled \$-0- and \$8,161 at August 31, 2020 and 2019, respectively.

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

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 \$-0- and \$1,021 for the years ended August 31, 2020 and 2019, 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 21, 2020, the date the financial statements were available to be issued.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. These financial statements reflect the adoption of ASU 2018-08 applicable to both contributions received and contributions made beginning in fiscal year 2020. The implementation of this standard did not impact the Theater's reported revenue and has been applied prospectively.

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

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:

	2020	2019
Financial Assets:		
Cash and Cash Equivalents	\$ 286,653	\$ 439,399
Less: Purpose Restricted	(175,000)	(251,026)
Accounts Receivable	-	198
Grant Receivables	84,423	175,029
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 196,076	\$ 363,600

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, 2020 and 2019. At August 31, 2020 and 2019, one grantor comprised 94% and 88% of the grant receivable balance, respectively.

Four contributions comprised 40% of total support revenue during the year ended August 31, 2020. Four contributors comprised 49% of total support revenue during the year ended August 31, 2019.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2020	2019
Land	\$ 108,957	\$ 108,957
Land Improvements	43,025	43,025
Building and Improvements	2,244,541	2,229,515
Furniture, Fixtures, and Other Equipment	483,059	455,820
Total Cost	2,879,582	2,837,317
Less: Accumulated Depreciation	(1,728,931)	(1,630,256)
Total Property and Equipment	\$ 1,150,651	\$ 1,207,061

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 5 NOTES PAYABLE

Notes payable consist of the following:

<u>Description</u>	<u>2020</u>	<u>2019</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.	\$ 61,376	\$ 83,329
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.	6,063	6,929
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.	8,991	11,013
The Theater received a loan in the amount of \$183,232 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Theater fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Theater will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, principal and interest payments will be required through the maturity date in April 12, 2022.	183,232	-
Total	<u>259,662</u>	<u>101,271</u>
Less: Current Maturities	<u>36,480</u>	<u>24,841</u>
Total Long-Term Debt	<u>\$ 223,182</u>	<u>\$ 76,430</u>

**THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 5 NOTES PAYABLE (CONTINUED)

Future principal payments under the refinanced terms are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 36,480
2022	150,452
2023	66,340
2024	2,888
2025	866
Thereafter	2,636
Total Debt Maturities	<u><u>\$ 259,662</u></u>

Line of Credit

The Theater has a \$250,000 line of credit with a maturity date of August 31, 2021. As of August 31, 2020 and 2019, 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, 2020.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
General Operating (Future Periods)	\$ 61,075	\$ 134,208
Program Restricted	175,000	251,026
Total	<u><u>\$ 236,075</u></u>	<u><u>\$ 385,234</u></u>

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

	<u>2020</u>	<u>2019</u>
General Operating (Future Periods)	\$ 291,926	\$ 259,709
Program Restricted	145,204	83,788
Total	<u><u>\$ 437,130</u></u>	<u><u>\$ 343,497</u></u>

NOTE 7 OPERATING LEASES

The Theater is making monthly payments for the continued use of office equipment. Rental expense for the years ended August 31, 2020 and 2019 was \$7,729 and \$5,772 for office equipment, respectively.

THE JUNGLE THEATER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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 \$2,026 and \$3,350 to the Plan during the years ended August 31, 2020 and 2019, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

Contribution and sponsorship revenues from members of the board of directors totaled \$57,581 and \$92,389 the years ended August 31, 2020 and 2019, 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 Theater paid this one-time payment of \$25,000 to the former artistic director during the year ended August 31, 2019.

NOTE 10 RISK AND UNCERTAINTY OF OPERATIONS

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic in March 2020. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The COVID-19 pandemic has caused significant disruption to the operation of all theaters, including the Theater, and the recovery timeline is unclear. Plans for year ending August 31, 2021 and beyond are mission-driven, conservative in the projections of income and expense, and flexible in timing and approach to work.

Most of the Theater's offerings have been converted to virtual programs, due to health and safety limitations from the city, the state, and the unions that represented much of the production team. The Theater continues to generate impactful content, which strengthens fundraising potential while bringing in earned income. When conditions allow a safe return to in-person work, the Theater will do so.

The budget for the year ending August 31, 2021 is balanced at \$1,226,496, which is significantly less budget of \$2,166,919 for the year ended August 31, 2020. The budget will be revisited frequently throughout the year as new information becomes available. Cash flow will be monitored carefully, and action steps have been identified to cut expenses if that becomes necessary.

The Theater has maintained a small, loyal, and talented core staff, all working in concert under the dedicated leadership of the managing director and interim artistic director. The board is committed and active, providing leadership and oversight as the Theater navigates new territory without losing ground. The overall mood is optimistic and confident.