

LEMON BAY PLAYHOUSE, INC.
Audit Report
For the Year ended February 29, 2016

MARK H. KNAUF, PA
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LEMON BAY PAYHOUSE, INC.

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FEBRUARY 29, 2016

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MARK H. KNAUF, PA
CERTIFIED PUBLIC ACCOUNTANT
2230 S. MCCALL RD., ENGLEWOOD, FL 34224

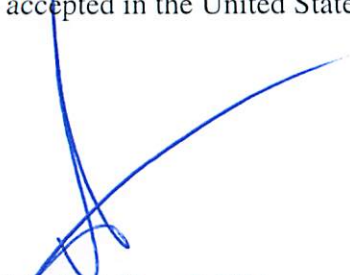
Independent Auditor's Report

To the Board of Directors
Lemon Bay Playhouse, Inc.
Englewood, FL 34224

We have audited the accompanying statement of financial position of Lemon Bay Playhouse, Inc. ("Organization") as of February 29, 2016, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization as of February 29, 2016, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.



Mark H. Knauf, CPA
January 31, 2017

Lemon Bay Playhouse, Inc.
Statement of Financial Position
For The Fiscal Year Ended February 29, 2016

ASSETS

Current Assets:	
Cash & Cash Equivalents	\$ 250,138
Accounts Receivable	-
Investments	210,668
Gulf Coast Community Foundation Fund	41,566
Prepaid Expenses	7,451
Total Current Assets	509,823
Fixed Assets:	
Furniture And Equipment	58,493
Land and Building	495,760
Accumulated Depreciation	(114,762)
Total Fixed Assets	439,491
Total Assets	\$ 949,314

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 7,546
Accrued Payroll Expenses	913
Credit Cards Payable	1,779
Gift Certificates	198
Unearned Ticket Sales	28,134
Total Current Liabilities	38,570
Net Assets:	
Unrestricted	869,807
Temporarily Restricted	40,937
Permanently Restricted	-
Total Net Assets	910,744
Total Liabilities and Net Assets	949,314

Lemon Bay Playhouse, Inc.
Statement of Activities
For The Fiscal Year Ended February 29, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support:				
Ticket Sales	\$ 187,301	-	-	187,301
Sponsorship & Advertising Income	90	-	-	90
Membership Dues	1,410	-	-	1,410
Individual Contributions	17,733	-	-	17,733
Refreshment Sales	4,918	-	-	4,918
Class Fee Income	6,436	-	-	6,436
Other Revenue	-	20,000	-	20,000
Interest and Dividends	12,021	-	-	12,021
Realized Gain on Investments	7,633	-	-	7,633
Unrealized Loss on Investments	(45,881)	-	-	(45,881)
Net Assets Released From Restrictions by Satisfaction	<u>26,779</u>	<u>(26,779)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>218,440</u>	<u>(6,779)</u>	<u>-</u>	<u>211,661</u>
Operating Expenses:				
Program Services	154,535	-	-	154,535
General and Administrative	23,648	-	-	23,648
Fundraising Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>178,183</u>	<u>-</u>	<u>-</u>	<u>178,183</u>
Change in Net Assets From Operations	40,257	(6,779)	-	33,478
Net Assets - Beginning of Year	<u>829,550</u>	<u>47,716</u>	<u>-</u>	<u>877,266</u>
Net Assets - End of Year	<u><u>869,807</u></u>	<u><u>40,937</u></u>	<u><u>-</u></u>	<u><u>910,744</u></u>

Audited Financial Statement - See Accompanying Accountants' Report and Notes

Lemon Bay Playhouse, Inc.
Statement of Functional Expenses
For The Fiscal Year Ended February 29, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising Activities</u>	<u>Total</u>
Expenses:				
Accounting Fees	\$ 1,628	407	-	2,035
Advertising	16,009	-	-	16,009
Bank & Merchant Fees	6,532	130	-	6,662
Depreciation	15,931	901	-	16,832
Donations & Scholarships	7,475	-	-	7,475
Dues and Subscriptions	1,147	-	-	1,147
Legal and Professional	2,172	3,277	-	5,449
Occupancy	39,281	4,365	-	43,646
Office Supplies	1,334	2,002	-	3,336
Payroll Expenses	6,581	11,971	-	18,552
Postage & Printing	2,051	150	-	2,201
Taxes & Licenses	-	186	-	186
Telephone	2,329	259	-	2,588
Theater Activities & Classes	52,065	-	-	52,065
 Total Expenses	 <u>154,535</u>	 <u>23,648</u>	 <u>-</u>	 <u>178,183</u>

Lemon Bay Playhouse, Inc.
Statement of Cash Flows
For The Fiscal Year Ended February 29, 2016

Cash flows from operating activities:	
Change in net assets	\$ 33,478
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	16,832
(Increase) decrease in:	
Accounts receivable	475
Prepaid expenses	(681)
Unrealized gain on investment	45,881
 Increase (decrease) in:	
Accounts payable	(2,004)
Accrued payroll expenses	(166)
Credit cards payable	198
Gift certificates	29
Unearned ticket sales	(4,338)
Total adjustments	<u>56,226</u>
Net cash provided by operating activities	<u>89,704</u>
 Cash flows from investing activities:	
Investment Activities	(20,239)
Purchase of property & equipment	<u>(1,014)</u>
Net cash used in investing activities	<u>(21,253)</u>
 Cash flows from financing activities:	
Mortgage payable	<u>(73,008)</u>
Net cash used in financing activities	<u>(73,008)</u>
 Net increase (decrease) in cash and cash equivalents	(4,557)
 Beginning Cash & Cash Equivalents	<u>254,695</u>
 Ending Cash & Cash Equivalents	<u><u>\$ 250,138</u></u>

Lemon Bay Playhouse, Inc.
Englewood, Florida

Notes to Financial Statements
February 29, 2016

LEMON BAY PLAYHOUSE, INC.
ENGLEWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lemon Bay Playhouse, Inc. (“The Organization”) began on April 28, 1987. The mission of the Organization is “to enrich the Greater Englewood community through theatrical productions, other cultural activities, challenging volunteer opportunities, and education and training in the performing arts.”

In its annual report, the Organization states as its vision, “The Lemon Bay Playhouse will become the recognized community destination for arts activities serving as a learning space to harness local talent and extend community cultural awareness through the performing arts.

The Organization is supported by ticket sales, donations from the general public as well as volunteer services.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not for-Profit Organizations*. Under SFAS No. 117, 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.

Contributions and Recognition of Donor Restrictions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are classified as unrestricted net assets.

The Organization does not recognize promises to give and therefore has no allowance for uncollectible promises receivable. The Organization will recognize a bequest if an estate has provided a final amount and payment is expected in less than one year.

Donated Goods and Services

The Organization recognizes donated services that creates or enhances non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods are recorded at their fair market values.

A number of volunteers have donated significant hours to the Organization's program and administrative services during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

No provision for income tax expense or liability has been made in the accompanying financial statements since the Organization is exempt under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Concentrations of Risk

Bank deposits and certificates of deposit are placed with commercial banks insured by the Federal Deposit Insurance Corporation to the extent of the \$250,000 per institution. There were no uninsured balances held by the Organization at February 29, 2016.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. Included are certificates of deposit with scheduled maturities beyond 90 days from February 29, 2016 which are available for early withdrawal upon payment of a small penalty.

Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at the date of acquisition. Donations of property and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using straight line method with estimated useful lives ranging from 5 to 39 years. Depreciation expense for the fiscal year ended February 29, 2016 is \$16,832.

NOTE 3 – INVESTMENTS

The investments now consist of an endowment held by a third party as well as a brokerage account that is held at Wells Fargo. The endowment fund is invested in an investment pool which is comprised of approximately 60% equities and 40% fixed income. The brokerage account consists of mutual funds and money market funds. For reporting purposes the money markets are considered cash equivalents as there is no market fluctuation. The endowment fund and mutual funds are recorded at their fair

NOTE 3 – INVESTMENTS (Continued)

market value of \$41,566 and \$210,668 respectively for the year ended February 29, 2016.

Note 4 – LEASES

As of this report date the Organization’s only lease agreement is for a storage unit on a monthly basis with no long term lease commitment. The lease for what the organization calls its “Annex Building” ended with the Organization purchasing that building on April 11, 2014.

Note 5 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of February 29, 2016:

Disaster Relief	\$ 527
Scholarship	<u>40,410</u>
	\$ 40,937

Note 6 – Long Term Debt

As of the report date February 29, 2016 the mortgage with Englewood Bank was paid in full with no remaining balance