



**A CONTEMPORARY THEATRE,  
INC. AND AFFILIATES**

**Report of Independent Auditors and  
Consolidated Financial Statements  
with Supplemental Information**

**December 31, 2010 and 2009**

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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**CONTENTS**

	PAGE
REPORT OF INDEPENDENT AUDITORS	1
CONSOLIDATED FINANCIAL STATEMENTS	
Balance sheets	2
Statements of activities	3
Statements of cash flows	4
Notes to financial statements	5-18
SUPPLEMENTAL INFORMATION	
Consolidating balance sheet - December 31, 2010	19
Consolidating balance sheet - December 31, 2009	20
Consolidating statement of activities - December 31, 2010	21
Consolidating statement of activities - December 31, 2009	22

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
A Contemporary Theatre, Inc. and Affiliates

We have audited the accompanying consolidated balance sheets of A Contemporary Theatre, Inc. and Affiliates (the Theatre) as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Theatre's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Theatre's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of A Contemporary Theatre, Inc. and Affiliates as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Theatre will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Theatre has incurred recurring losses from operations and has a negative current ratio that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental information on pages 19 through 22 as of and for the years ended December 31, 2010 and 2009 is presented for purposes of additional analysis, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



Seattle, Washington  
May 9, 2011

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2010 AND 2009**

<b>ASSETS</b>		
	2010	2009
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,479	\$ 3,007
Accounts and interest receivable	27,689	15,038
Current portion of pledges receivable	87,516	321,169
Prepaid expenses and deposits	186,106	89,135
Total current assets	306,790	428,349
Pledges receivable, net of current portion	194,244	245,946
Property and equipment, net	464,125	319,880
Investment in Kreielsheimer Place, net	14,907,439	15,392,520
Investments	1,991,624	1,991,624
	\$ 17,864,222	\$ 18,378,319
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 458,169	\$ 238,112
Accrued expenses	248,817	161,185
Current portion of deferred revenue	22,915	22,915
Advance ticket sales	822,283	695,411
Current portion of notes payable and related party notes payable	110,000	100,000
Total current liabilities	1,662,184	1,217,623
 <b>LONG-TERM LIABILITIES</b>		
Line of credit and notes payable, net of current portion	1,122,801	1,112,316
Related party notes payable	20,000	193,000
Deferred revenue, net of current portion	572,852	595,767
Total long-term liabilities	1,715,653	1,901,083
Total liabilities	3,377,837	3,118,706
 <b>NET ASSETS</b>		
Unrestricted	12,211,760	12,690,990
Temporarily restricted	107,516	354,587
Permanently restricted	2,167,109	2,214,036
Total net assets	14,486,385	15,259,613
	\$ 17,864,222	\$ 18,378,319

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Ticket revenue	\$ 1,818,628	\$ 2,195,428
Contribution revenue	3,141,463	2,531,455
In-kind contributions		
Goods	177,529	210,611
Investment return	4,956	20,452
Other revenue	214,719	326,192
	5,357,295	5,284,138
Net assets released from restriction	247,071	47,790
Total support and revenue	5,604,366	5,331,928
 <b>EXPENSES</b>		
Artistic/production	3,473,547	3,424,146
Audience development and services	1,192,237	1,153,970
Development	642,841	367,506
Administration	774,971	782,500
Total expenses	6,083,596	5,728,122
 Change in unrestricted net assets	(479,230)	(396,194)
 <b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Net assets released from restriction	(247,071)	(47,790)
 <b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	3,073	63,517
Write-off of pledge deemed uncollectible	(50,000)	-
Change in permanently restricted net assets	(46,927)	63,517
 <b>CHANGE IN NET ASSETS</b>	(773,228)	(380,467)
 <b>NET ASSETS</b>		
Beginning of year	15,259,613	15,640,080
End of year	\$ 14,486,385	\$ 15,259,613

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (773,228)	\$ (380,467)
Adjustments to reconcile change in net assets to net cash from operating activities		
Non-cash items included in change in net assets		
Change in allowance for doubtful accounts	(6,418)	(10,623)
Depreciation and amortization	111,613	102,210
Loss on investment in Kreielsheimer Place	485,081	505,154
Write-off of pledge deemed uncollectible	50,000	-
Forgiveness of related party notes payable	(379,000)	(214,000)
Changes in operating assets		
Accounts and interest receivable	(12,651)	29,762
Pledges receivable	241,773	37,814
Prepaid expenses and deposits	(96,971)	(8,855)
Accounts payable	220,057	104,998
Accrued expenses	87,632	(65,439)
Deferred revenue	(22,915)	(22,915)
Advance ticket sales	126,872	(104,486)
Net cash from operating activities	<u>31,845</u>	<u>(26,847)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(255,858)	(25,955)
Cash restricted for endowment	-	(60,000)
Net cash from investing activities	<u>(255,858)</u>	<u>(85,955)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit and notes payable, net	10,485	16,680
Proceeds from related party notes payable	216,000	-
Net cash from financing activities	<u>226,485</u>	<u>16,680</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,472	(96,122)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>3,007</u>	<u>99,129</u>
End of year	<u>\$ 5,479</u>	<u>\$ 3,007</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 75,957</u>	<u>\$ 73,108</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 1 - Financial Condition and Management's Plan**

A Contemporary Theatre, Inc ("Theatre" or "ACT") incurred consolidated net losses from operations in recent years, although the producing entity ACT Theatre showed a positive increase in unrestricted net assets for the years ended December 31, 2010 and 2009. In addition the Theatre has a negative current ratio as of December 31, 2010 and 2009. These factors raise substantial doubt about the Theatre's ability to continue as a going concern. The consolidated financial statements assume that the Theatre will continue as a going concern and exclude adjustments that might result from the future effects of the Theatre's asset position. The following is an account of Management's progress in improving the Theatre's financial position in 2009 and 2010, and future plans for continued revenue growth.

The Theatre is under steady management and has initiated and completed the first and second phases of an institutional turnaround. The Theatre is experiencing growth in contributed revenues and growth in the new Central Heating Lab line of programming.

**Leadership** - The partnership between Artistic Director Kurt Beattie and Executive Director Carlo Scandiuzzi began in mid-2008. Beattie and Scandiuzzi are under contract to the Theatre, and a strategic plan is now near completion with input from upper board leadership. The President of the Board is serving a third term in office in 2011. The transition to a new Presidency in 2012 is being managed by the Board Governance Committee.

**Contributed Income** - The Theatre is focusing on continued growth in contributed revenues. Total contributed revenue increased 21% in 2010 as compared to 2009, including a 26% increase in individual giving and a 17% increase in the number of donors. There were 859 donors who made first-time gifts to the Theatre in 2010. Management is focusing its efforts on establishing new corporate partnerships and increased funding from national foundations.

**Earned Income-Ticket Sales** - The Theatre continues to experience the industry-wide phenomenon of declining subscriptions. However, the Theatre is pursuing new marketing and business initiatives. The Theatre has focused on using media outreach and social networking to increase exposure and a first-of-its-kind monthly membership to offer a new alternative to the traditional subscription model.

In 2010, the Theatre produced five Mainstage Season shows in contrast to the six in 2009. Although total performance revenues were down in 2010 for the Mainstage Season, per-show revenues were up 1% when including *A Christmas Carol* (the Theatre's annual holiday show, and generally the largest production of the year) and audiences grew by 0.3%. The Theatre is producing six Mainstage shows in 2011, and expects to see audiences and performance revenues continue to rise.

ACTPass monthly memberships grew at a rate of 617% with 247 members in 2010, as compared to 40 members in 2009, and Central Heating Lab audiences grew by 90% in 2010, compared to 2009. These are key growth areas for the Theatre, and additional resources have been allocated to growing these trends in 2011.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 1 - Financial Condition and Management's Plan** (Continued)

**Earned Income-Facility Rental** - Earned revenues from rentals are trending down (\$133,821 in 2010 and \$195,000 in 2009) and expected to continue to decrease as more of the available space is utilized by the Central Heating Lab. The Theatre is focusing on increasing revenues from mission-related activities.

**Report on the Art at ACT** - Our 2010 Mainstage Season was an artistic and audience success. Who will forget feeling Marianne Owen searching for home, finding it, finding it changed, and accepting her place in life with her son in *The Trip to Bountiful*? Or the madcap dash of ideas and blame in the war of the sexes in *The Female of the Species*? At the opening night party for *Yankee Tavern* a donor said, "Everyone's talking, and everyone's saying something different, and no one knows what to think. Good job." *The Lady With All the Answers* took us on a tour of our recent history, how everything changed from the 50s to the 80s, through the eyes of one of our most compassionate national consciences. And we all know that we'll never forget *The Lieutenant of Inishmore*.

In 2010, with the lead investment of the Eulalie Bloedel Schneider Artists Fund, and a special multi-year gift from Greg and Diane Lind, ACT established the Affiliate Artists Working Group. A collection of 14 actors, writers, composers, directors and choreographers led by Kurt Beattie, the Working Group will help guide ACT in season selection and artistic philosophy, initiate and develop their own projects and work together to create ambitious new productions over long timeframes. The first project of the Working Group is a new adaptation of the great Indian epic *The Ramayana* currently slated for production in 2012. The Mellon Foundation is underwriting early work on *The Ramayana*, a major new investment in ACT all the way from New York.

The Hansberry Project, ACT's resident African-American theatre group, deepened relationships with other organizations, working with Seattle Art Museum, Theatre Off Jackson, the Seattle Repertory Theatre, On the Boards, Langston Hughes Performing Arts Center, Central District Forum and others to increase participation among Black theatre audiences. A new play, the hysterical and controversial *The Final Days of Negroville* by Keith Joseph Adkins received a premier reading and will be developed further this year.

Central Heating Lab, ACT's laboratory of new works for adventurous audiences, is experiencing significant growth, with attendance increasing in 2010 as compared to 2009. Highlights were KT Niehoff's otherworldly site-specific dance *A Glimmer of Hope or Dust or Light*, which was developed in long-term collaboration with Seattle Art Museum. Renowned Seattle actor Frank Corrado grew his *Pinter Fortnightly* audience from 57 people to over 235 for each reading of the esoteric British master's work. Frank also received a major award from the Fox Foundation, given to only two actors in the country, to continue his work at ACT as a resident artist. Kurt's intellectual curiosity found an explicit outlet in the creation of a new lecture series called InterACTions, underwritten by Dr. Sheree Wen, which in 2010 explored consciousness and culture and the making of the modern and future human condition. InterACTions drew more than 520 people to these first four lectures. In partnership with Town Hall Seattle, Kurt continued to curate Short Stories Live, readings of exceptional literary shorts by the best actors of Seattle.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 1 - Financial Condition and Management's Plan** (Continued)

In 2010, Central Heating Lab brought more than 30 partner productions to ACT audiences in theatre, dance, music, literature, film and visual art. ACT is operating as an arts center, and ACT's building is a unique asset to our community, a place where this kind of activity can thrive.

The ability of the Theatre to continue as a going concern is dependent upon the success of management's plan outlined above.

**Note 2 - Operations and Summary of Significant Accounting Policies**

**Nature of Organization** - The Theatre was incorporated in 1965 for artistic, cultural, and educational purposes. The Theatre's main operation is the presentation of staged performances for the purpose of entertainment.

Eagles Theatre Centre (ETC), a separate Washington not-for-profit corporation, was formed in 1994 to manage the development and construction of Kreielsheimer Place, the Theatre's performance and administrative facility in downtown Seattle, Washington. The only activity in ETC is the management of Kreielsheimer Place. ETC is owned 100% by the Theatre.

A Contemporary Theatre Foundation (the Foundation), a separate foundation for the management of an endowment, was formed in October 2000 to receive and invest donations for the benefit of the Theatre.

**Basis of Accounting** - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

**Principles of Consolidation** - The Theatre, ETC, and the Foundation have some common board members and common management. Accordingly, the results of the Theatre, ETC, and the Foundation have been consolidated for the years ended December 31, 2010 and 2009. For the purposes of these consolidated financial statements, the term "Theatre" is used to describe the consolidated results of the Theatre, ETC, and the Foundation. All significant intercompany transactions and accounts have been eliminated.

**Basis of Presentation** - The Theatre reports its consolidated financial position and activities in conformity with accounting principles generally accepted in the United States of America (GAAP). The Theatre reports its consolidated financial position and activities according to three classes of net assets, depending on the existence and nature of donor restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not subject to donor-imposed restrictions.

Temporarily restricted net assets contain donor-imposed restrictions that require the Theatre to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the Theatre.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 2 - Operations and Summary of Significant Accounting Policies** (Continued)

Permanently restricted net assets contain support in the form of endowment or sustaining funds. In accordance with purposes established by donors, the Theatre is permitted to use or expend part or all of the investment return derived for either specified or unspecified purposes. Such investment return is recognized as a change in unrestricted or temporarily restricted net assets based on donor stipulations.

**Investments** - Investments are carried at fair value which is determined using quoted market prices. Realized and unrealized gains and losses are reflected in the statement of activities. Interest and dividends are included in investment return as earned (see Note 3).

**Endowment** - The Theatre has an Endowment which consists of a certificate of deposit held with a financial institution and held-to-maturity investments in Series I bonds as of December 31, 2010 and 2009. Cash invested for endowment is primarily set aside for permanently restricted net assets. In accordance with GAAP and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Theatre has properly classified net assets based on donor restricted endowment funds and included all required disclosures about endowment funds. Given that the Theatre does not have board-designated endowment funds, this note provides additional disclosure associated with permanently restricted funds (donor-restricted endowment funds or endowment funds). The Theatre's endowment fund consists of one individual fund which only includes donor-restricted endowment funds. In accordance with GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. As required by UPMIFA, for each donor-restricted endowment that doesn't state otherwise, the Theatre has classified the portion of the fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization (see Note 11).

**Income Taxes** - Each of the Theatre entities is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is generally exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code. The Theatre did not incur unrelated business income tax for the years ended December 31, 2010 and 2009. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

The Theatre follows the provisions of authoritative guidance relating to accounting for uncertain tax positions. The Theatre recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Theatre recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2010 and 2009, the Theatre had no uncertain tax positions requiring accrual.

**Use of Estimates** - The preparation of consolidated 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 disclosure of contingent 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.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 2 - Operations and Summary of Significant Accounting Policies** (Continued)

**Cash and Cash Equivalents** - For purposes of the consolidated financial statements, the Theatre considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Prepaid Expenses and Deposits** - The Theatre is required by union agreements to hold funds to cover the compensation of the actors in case the Theatre closes. The amount of these required separately held funds included in prepaid expenses and deposits was \$26,000 as of December 31, 2010 and 2009.

**Pledges Receivable and Contributions** - Contributions are recognized when the donor makes a promise to give (pledge) to the Theatre that is, in substance, unconditional. Contributions of non-cash assets are recognized at their estimated fair market value on the date of contribution. Pledges are recorded based on verbal and/or written commitments from donors. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using the discount rate adjustment technique, in which the rate is based upon the rate a market participant would demand. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are substantially met. The Theatre uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for uncollectible pledges of \$0 and \$6,418 was recorded as of December 31, 2010 and 2009, respectively.

Contribution amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

**Property and Equipment** - Property and equipment are recorded at cost if purchased or fair value if contributed. Depreciation is calculated on a straight-line basis over the respective asset estimated useful life, which ranges from 5 to 20 years. Maintenance and repairs are charged to expenses as incurred.

**Deferred Revenue** - Deferred revenue represents prepaid funds for the use of Kreielsheimer Place. The prepaid funds are amortized over the life of the agreement and are included in operating revenue.

**Advance Ticket Sales** - Advance ticket sales for future performances are accrued and reported as a liability and are recognized as revenue when performances are completed.

**Advertising Costs** - Costs incurred for advertising are expensed as incurred and were approximately \$326,000 and \$245,000 for the years ended December 31, 2010 and 2009, respectively.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 2 - Operations and Summary of Significant Accounting Policies** (Continued)

**Donated Services and Materials** - The Theatre receives various donated services and materials that contribute to its operations. Certain professional services and materials have been recorded at their estimated fair value at the date of receipt if there was an objective basis to determine fair value. For the years ended December 31, 2010 and 2009, donated services and materials approximated \$177,000 and \$211,000, respectively.

In addition to those services and materials that have been recorded, a substantial number of volunteers have made significant contributions of time to the Theatre. The value of this contributed time does not meet the criteria for recognition under current accounting standards and, accordingly, is not reflected in the accompanying consolidated financial statements.

**Expense Allocation** - The costs of providing the various programs and other activities of the Theatre have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services.

**Reclassifications** - Certain balances in the prior year consolidated financial statements have been reclassified to conform to the current year's presentation.

**Subsequent Events** - Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. The Theatre recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Theatre's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before consolidated financial statements are available to be issued. The Theatre has evaluated subsequent events through May 9, 2011, which is the date the consolidated financial statements were available to be issued.

**Note 3 - Fair Value Measurement**

**Fair Value of Assets and Liabilities** - In accordance with GAAP, there are three levels of inputs that may be used to measure fair value.

- Level 1**      Quoted prices in active markets for identical assets or liabilities.
- Level 2**      Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3**      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 3 - Fair Value Measurement** (Continued)

Investments held at December 31 were as follows:

	<u>2010</u>	<u>2009</u>
Certificate of deposit	\$ 1,961,624	\$ 1,961,624
Series I bonds	<u>30,000</u>	<u>30,000</u>
	<u>\$ 1,991,624</u>	<u>\$ 1,991,624</u>

All investments are categorized as Level 2 within the fair value hierarchy.

For the years ended December 31, investment return consisted of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 4,956	\$ 20,452

Investments are exposed to various risks such as interest rate and credit risks. Due to the level of risk associated with investments, and the level of uncertainty related to changes in the value of the investments, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the consolidated financial statements.

**Note 4 - Pledges Receivable**

Pledges receivable consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 87,516	\$ 327,587
Less allowance for uncollectible pledges	<u>-</u>	<u>(6,418)</u>
	<u>87,516</u>	<u>321,169</u>
One year to five years	270,000	327,000
Less unamortized discount to present value (3% in 2010 and 2009)	<u>(75,756)</u>	<u>(81,054)</u>
	<u>194,244</u>	<u>245,946</u>
	<u>\$ 281,760</u>	<u>\$ 567,115</u>

Pledges receivable of approximately \$4,000 and \$83,000 are due from board members at December 31, 2010 and 2009, respectively.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 5 - Property and Equipment**

Property and equipment consists of the following at December 31:

	2010	2009
Building improvements	\$ 308,452	\$ 262,692
Theatre equipment	1,020,528	971,752
Theatre furnishings and lights	179,795	179,795
Office and other equipment	680,809	616,578
Tessitura project	382,800	334,600
Automobile	10,000	-
Construction in progress	38,891	-
	2,621,275	2,365,417
Less accumulated depreciation and amortization	2,157,150	2,045,537
	\$ 464,125	\$ 319,880

Depreciation and amortization expense for the years ended December 31, 2010 and 2009 was approximately \$112,000 and \$102,000, respectively.

**Note 6 - Investment in Kreielsheimer Place**

During 1995, ETC entered into a limited partnership agreement (the Partnership Agreement) with Eagles Apartments (EA), a wholly owned subsidiary of the Housing Resources Group, to jointly acquire and restore the Eagles Auditorium (the Theatre Unit) for use by the Theatre, and the site of the 44 low-income housing units (the Housing Unit). ETC and EA are general partners in the partnership, Eagles Auditorium Limited Partnership (EALP), and ETC is the managing partner. ETC has a 0.85% interest in EALP. Notwithstanding the nominal percentage interest of ETC in EALP, ETC has a substantial capital interest in EALP, representing approximately 89% of the total capital interests of all the partners in EALP based on the relative value of the partners' capital account balances in EALP as of December 31, 2010 and 2009. ETC uses the equity method to account for its investment in EALP.

In connection with the Partnership Agreement, the Theatre has entered into a 20-year lease of the Theatre Unit with EALP. The annual lease payments are \$232,425 per annum plus certain additional maintenance costs. Also, as part of the Partnership Agreement, the Theatre earned a development fee for developing and assisting in the renovation of the Kreielsheimer Place, of which approximately \$2.9 million was receivable as of December 31, 2010 and 2009. Interest accrues on the unpaid development fee payable by EALP at 8% per annum, which is approximately equal to the future annual lease payments. The interest and lease expense have been netted in the accompanying consolidated financial statements.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 6 - Investment in Kreielshiemer Place** (Continued)

The Partnership Agreement states that at any time between 15 and 20 years after the date that the Theatre Unit was placed in service (the Option/Right of First Refusal Period), ETC has the option or, alternatively, the right of first refusal to purchase the Theatre Unit. EA has the same option and right of first refusal with regard to the purchase of the Housing Unit. It is anticipated that ETC's out-of-pocket costs for the purchase of the Theatre Unit during the Option/Right of First Refusal period will be nominal. Accordingly, management expects that ETC will be in a position to acquire the Theatre Unit in exchange for its capital interest in EALP and its allocable share of the transaction costs.

Investment in Kreielsheimer Place includes the following amounts at December 31:

	<u>2010</u>	<u>2009</u>
Investment in EALP	\$ 17,263,588	\$ 17,263,588
Accumulated loss	<u>(5,398,627)</u>	<u>(4,938,402)</u>
Net investment in EALP	11,864,961	12,325,186
Project administration costs, net of accumulated amortization of \$354,000 in 2010 and \$330,000 in 2009	142,920	167,776
Development fee receivable	<u>2,899,558</u>	<u>2,899,558</u>
	<u>\$ 14,907,439</u>	<u>\$ 15,392,520</u>

Amortization expense for the years ended December 31, 2010 and 2009 was approximately \$25,000.

The summarized unaudited balance sheet and unaudited statement of activities for Eagles Auditorium Limited Partnership as of December 31 is as follows:

<b>BALANCE SHEET</b>		
	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 319,896	\$ 315,070
Accounts receivable	18,613	21,244
Other current assets	18,359	2,736
Property, plant, and equipment, net	16,179,367	16,805,745
Land	8,858	8,858
Intangible assets	14,545	15,443
Other assets	<u>57,614</u>	<u>8,027</u>
	<u>\$ 16,617,252</u>	<u>\$ 17,177,123</u>
<b>LIABILITIES AND PARTNER'S CAPITAL</b>		
Accounts payable	\$ 1,717	\$ 3,698
Other current liabilities	6,768	10,312
All nonrecourse loans	517,823	531,345
Development fee payable	2,899,558	2,899,558
Partner's capital accounts	<u>13,191,386</u>	<u>13,732,210</u>
	<u>\$ 16,617,252</u>	<u>\$ 17,177,123</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 6 - Investment in Kreielshiemer Place** (Continued)

**STATEMENT OF ACTIVITIES**

	2010	2009
REVENUE	\$ 592,612	\$ 567,821
OPERATING EXPENSES	(506,191)	(554,903)
DEPRECIATION	(627,245)	(627,271)
NET LOSS	\$ (540,824)	\$ (614,353)

**Note 7 - Deferred Revenue**

During 1995, the Theatre received approximately \$917,000 from the City of Seattle in exchange for certain "public benefits." The City has rights to use certain facilities in Kreielsheimer Place up to 15 times each year for the next 40 years. This is being amortized over the term of the obligation on a straight-line basis.

**Note 8 - Long-Term Debt**

Long-term debt consists of the following as of December 31:

	2010	2009
Note payable to a financial institution, unsecured, guaranteed by a board member, prime interest rate (not less than 4%), principal and interest due annually through December 31, 2013.	\$ 295,636	\$ 395,636
Revolving line of credit, secured by endowment, prime interest rate minus 0.25% (not less than 3.75%), due April 30, 2012.	927,165	816,680
Related party note payable, unsecured, 4% interest rate, due December 31, 2011.	10,000	193,000
Related party note payable, unsecured, 4% interest rate, due December 31, 2012.	20,000	-
Total debt	1,252,801	1,405,316
Less current portion	(110,000)	(100,000)
Long-term debt, net of current portion	\$ 1,142,801	\$ 1,305,316

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 8 - Long-Term Debt** (Continued)

Total interest expense for the years ended December 31, 2010 and 2009 was \$75,957 and \$73,108, respectively. Related party notes payable of \$379,000 and \$214,000 was forgiven during the years ended December 31, 2010 and 2009, respectively.

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2010 are as follows:

<u>Year</u>	<u>Related Party</u>	<u>Other</u>
2011	\$ 10,000	\$ 100,000
2012	20,000	1,027,165
2013	-	95,636
	<u>\$ 30,000</u>	<u>\$ 1,222,801</u>

Subsequent to the year ended December 31, 2010, a modification agreement was entered into for the revolving line of credit that was previously due April 30, 2011. This amendment extended the maturity date of the loan to April 30, 2012. At December 31, 2010 and 2009, the Theatre had borrowings of \$927,165 and \$816,680 outstanding under this facility.

**Note 9 - Benefit Plan**

The Theatre maintains a tax-deferred savings plan (the Plan), which is available to substantially all of its full-time regular and full-time seasonal employees. The Plan is funded by discretionary employee contributions. The Theatre made no payments to the Plan during 2010 or 2009.

**Note 10 - Concentrations**

**Credit Risk** - Financial instruments that potentially subject the Theatre to concentrations of credit risk consist of cash and cash equivalents and pledges receivable. The Theatre places its temporary cash deposits with one major financial institution. At times, balances may exceed federally insured limits. The Theatre has not experienced a credit loss associated with its cash investments.

Pledges receivable are primarily from individuals and businesses located in the greater Seattle area. Collateral is generally not required on these assets. The Theatre has not experienced a history of significant credit-related losses.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 11 - Donor-Restricted Funds**

**Interpretation of Relevant Law** - The Board of Trustees of the Theatre has interpreted the enacted version of UPMIFA for Washington State that was effective as of July 1, 2009 and determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary is appropriate. As a result of this interpretation, the Theatre classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Theatre in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Theatre considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Theatre.
7. The investment policies of the Theatre.

Endowment net assets consist of the following at December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ -	\$ 2,167,109	\$ 2,167,109
Accumulated net revenue on donor-restricted funds	<u>398</u>	<u>-</u>	<u>-</u>	<u>398</u>
Theatre endowment net assets	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 2,167,109</u>	<u>\$ 2,167,507</u>

Endowment net assets consist of the following at December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ -	\$ 2,214,036	\$ 2,214,036
Accumulated net revenue on donor-restricted funds	<u>219</u>	<u>-</u>	<u>-</u>	<u>219</u>
Theatre endowment net assets	<u>\$ 219</u>	<u>\$ -</u>	<u>\$ 2,214,036</u>	<u>\$ 2,214,255</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 11 - Donor-Restricted Funds** (Continued)

Changes in endowment net assets for the year ended December 31, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2010	\$ 219	\$ -	\$ 2,214,036	\$ 2,214,255
Investment return	-	4,956	-	4,956
Distributions to Theatre	(4,630)	-	-	(4,630)
Other expenses	(147)	-	-	(147)
Contributions	-	-	3,073	3,073
Write-off of pledge deemed uncollectible	-	-	(50,000)	(50,000)
Released to unrestricted net assets	4,956	(4,956)	-	-
Total change in endowment net assets	<u>179</u>	<u>-</u>	<u>(46,927)</u>	<u>(46,748)</u>
Total endowment net assets, December 31, 2010	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 2,167,109</u>	<u>\$ 2,167,507</u>

Changes in endowment net assets for the year ended December 31, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2008	\$ (374)	\$ -	\$ 2,150,519	\$ 2,150,145
Investment return	-	20,452	-	20,452
Distributions to Theatre	(19,607)	-	-	(19,607)
Other expenses	(252)	-	-	(252)
Contributions	-	-	63,517	63,517
Released to unrestricted net assets	20,452	(20,452)	-	-
Total change in endowment net assets	<u>593</u>	<u>-</u>	<u>63,517</u>	<u>64,110</u>
Total endowment net assets, December 31, 2009	<u>\$ 219</u>	<u>\$ -</u>	<u>\$ 2,214,036</u>	<u>\$ 2,214,255</u>

**Funds with Deficiencies** - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Theatre to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature reported in total net assets as of December 31, 2010 and 2009.

**Return Objectives and Risk Parameters** - The Theatre has adopted conservative investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the principal of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principal. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 1.5% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** - The Theatre relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends). The Theatre targets a safe asset allocation that places a greater emphasis on endowment preservation.

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Note 11 - Donor-Restricted Funds** (Continued)

**Policy for Appropriating Endowment Assets for Expenditure** - Income of the Endowment shall be distributed at least annually and used exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. Any principal funds which have not been restricted by the donors, testators or transferors, may be expended, pledged, or offered as security.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The Theatre did not have a formal spending policy with regards to endowment funds as of December 31, 2010 or 2009.

**SUPPLEMENTAL INFORMATION**

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**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2010**

<b>ASSETS</b>	A Contemporary Theatre, Inc.	Eagles Theatre Centre	A Contemporary Theatre Foundation	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,600	\$ 778	\$ 1,101	\$ 5,479
Accounts and interest receivable	27,689	-	-	27,689
Current portion of pledges receivable	87,516	-	-	87,516
Prepaid expenses and deposits	186,016	90	-	186,106
Total current assets	<u>304,821</u>	<u>868</u>	<u>1,101</u>	<u>306,790</u>
Pledges receivable, net	19,417	-	174,827	194,244
Property and equipment, net	464,125	-	-	464,125
Investment in Kreielsheimer Place, net	-	14,907,439	-	14,907,439
Endowment	-	-	1,991,624	1,991,624
	<u>\$ 788,363</u>	<u>\$ 14,908,307</u>	<u>\$ 2,167,552</u>	<u>\$ 17,864,222</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 458,089	\$ 36	\$ 44	\$ 458,169
Accrued expenses	248,817	-	-	248,817
Current portion of deferred revenue	22,915	-	-	22,915
Advance ticket sales	822,283	-	-	822,283
Current portion of promissory note and related party note payable	110,000	-	-	110,000
Total current liabilities	<u>1,662,104</u>	<u>36</u>	<u>44</u>	<u>1,662,184</u>
<b>LONG-TERM LIABILITIES</b>				
Line of credit and promissory note, net of current portion	1,122,801	-	-	1,122,801
Related party note payable	20,000	-	-	20,000
Deferred revenue, net of current portion	572,852	-	-	572,852
Total long-term liabilities	<u>1,715,653</u>	<u>-</u>	<u>-</u>	<u>1,715,653</u>
Total liabilities	<u>3,377,757</u>	<u>36</u>	<u>44</u>	<u>3,377,837</u>
<b>NET ASSETS</b>				
Unrestricted	(2,696,910)	14,908,271	399	12,211,760
Temporarily restricted	107,516	-	-	107,516
Permanently restricted	-	-	2,167,109	2,167,109
Total net assets	<u>(2,589,394)</u>	<u>14,908,271</u>	<u>2,167,508</u>	<u>14,486,385</u>
	<u>\$ 788,363</u>	<u>\$ 14,908,307</u>	<u>\$ 2,167,552</u>	<u>\$ 17,864,222</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2009**

<b>ASSETS</b>	A Contemporary Theatre, Inc.	Eagles Theatre Centre	A Contemporary Theatre Foundation	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,056	\$ 908	\$ 43	\$ 3,007
Accounts and interest receivable	14,204	-	834	15,038
Current portion of pledges receivable	271,169	-	50,000	321,169
Prepaid expenses and deposits	89,045	90	-	89,135
Total current assets	<u>376,474</u>	<u>998</u>	<u>50,877</u>	<u>428,349</u>
Pledges receivable, net	74,192	-	171,754	245,946
Property and equipment, net	319,880	-	-	319,880
Investment in Kreielsheimer Place, net	-	15,392,520	-	15,392,520
Endowment	-	-	1,991,624	1,991,624
	<u>\$ 770,546</u>	<u>\$ 15,393,518</u>	<u>\$ 2,214,255</u>	<u>\$ 18,378,319</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 238,112	\$ -	\$ -	\$ 238,112
Accrued expenses	161,185	-	-	161,185
Current portion of deferred revenue	22,915	-	-	22,915
Advance ticket sales	695,411	-	-	695,411
Current portion of promissory note	100,000	-	-	100,000
Total current liabilities	<u>1,217,623</u>	<u>-</u>	<u>-</u>	<u>1,217,623</u>
<b>LONG-TERM LIABILITIES</b>				
Line of credit and promissory note, net of current portion	1,112,316	-	-	1,112,316
Related party note payable	193,000	-	-	193,000
Deferred revenue, net of current portion	595,767	-	-	595,767
Total long-term liabilities	<u>1,901,083</u>	<u>-</u>	<u>-</u>	<u>1,901,083</u>
Total liabilities	<u>3,118,706</u>	<u>-</u>	<u>-</u>	<u>3,118,706</u>
<b>NET ASSETS</b>				
Unrestricted	(2,702,747)	15,393,518	219	12,690,990
Temporarily restricted	354,587	-	-	354,587
Permanently restricted	-	-	2,214,036	2,214,036
Total net assets	<u>(2,348,160)</u>	<u>15,393,518</u>	<u>2,214,255</u>	<u>15,259,613</u>
	<u>\$ 770,546</u>	<u>\$ 15,393,518</u>	<u>\$ 2,214,255</u>	<u>\$ 18,378,319</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2010**

	A Contemporary Theatre, Inc.	Eagles Theatre Centre	A Contemporary Theatre Foundation	Consolidated
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>				
Ticket revenue	\$ 1,818,628	\$ -	\$ -	\$ 1,818,628
Contribution revenue	3,141,463	-	-	3,141,463
In-kind contributions				
Goods	177,529	-	-	177,529
Investment return	-	-	4,956	4,956
Other revenue (expense)	674,942	(460,223)	-	214,719
	<u>5,812,562</u>	<u>(460,223)</u>	<u>4,956</u>	<u>5,357,295</u>
Net assets released from restriction	247,071	-	-	247,071
Total support and revenue	<u>6,059,633</u>	<u>(460,223)</u>	<u>4,956</u>	<u>5,604,366</u>
<b>EXPENSES</b>				
Artistic/production	3,473,547	-	-	3,473,547
Audience development and services	1,192,237	-	-	1,192,237
Development	642,841	-	-	642,841
Administration	745,171	25,024	4,776	774,971
Total expenses	<u>6,053,796</u>	<u>25,024</u>	<u>4,776</u>	<u>6,083,596</u>
Change in unrestricted net assets	5,837	(485,247)	180	(479,230)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>				
Net assets released from restriction	(247,071)	-	-	(247,071)
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions	-	-	3,073	3,073
Write-off of pledge deemed uncollectible	-	-	(50,000)	(50,000)
Change in permanently restricted net assets	<u>-</u>	<u>-</u>	<u>(46,927)</u>	<u>(46,927)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(241,234)</b>	<b>(485,247)</b>	<b>(46,747)</b>	<b>(773,228)</b>
<b>NET ASSETS</b>				
Beginning of year	<u>(2,348,160)</u>	<u>15,393,518</u>	<u>2,214,255</u>	<u>15,259,613</u>
End of year	<u>\$ (2,589,394)</u>	<u>\$ 14,908,271</u>	<u>\$ 2,167,508</u>	<u>\$ 14,486,385</u>

**A CONTEMPORARY THEATRE, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2009**

	A Contemporary Theatre, Inc.	Eagles Theatre Centre	A Contemporary Theatre Foundation	Consolidated
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>				
Ticket revenue	\$ 2,195,428	\$ -	\$ -	\$ 2,195,428
Contribution revenue	2,531,455	-	-	2,531,455
In-kind contributions				
Goods	210,611	-	-	210,611
Investment return	-	-	20,452	20,452
Other revenue	806,487	(480,295)	-	326,192
	<u>5,743,981</u>	<u>(480,295)</u>	<u>20,452</u>	<u>5,284,138</u>
Net assets released from restriction	47,790	-	-	47,790
Total support and revenue	<u>5,791,771</u>	<u>(480,295)</u>	<u>20,452</u>	<u>5,331,928</u>
<b>EXPENSES</b>				
Artistic/production	3,424,056	90	-	3,424,146
Audience development and services	1,153,970	-	-	1,153,970
Development	367,506	-	-	367,506
Administration	737,697	24,944	19,859	782,500
Total expenses	<u>5,683,229</u>	<u>25,034</u>	<u>19,859</u>	<u>5,728,122</u>
Change in unrestricted net assets	108,542	(505,329)	593	(396,194)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>				
Net assets released from restriction	(47,790)	-	-	(47,790)
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions	-	-	63,517	63,517
<b>CHANGE IN NET ASSETS</b>	<u>60,752</u>	<u>(505,329)</u>	<u>64,110</u>	<u>(380,467)</u>
<b>NET ASSETS</b>				
Beginning of year	<u>(2,408,912)</u>	<u>15,898,847</u>	<u>2,150,145</u>	<u>15,640,080</u>
End of year	<u>\$ (2,348,160)</u>	<u>\$ 15,393,518</u>	<u>\$ 2,214,255</u>	<u>\$ 15,259,613</u>