

**THE JUNGLE THEATER**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
The Jungle Theater  
Minneapolis, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Jungle Theater which comprise the balance sheets as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes of 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Jungle Theater and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Jungle Theater's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jungle Theater's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Jungle Theater's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
January 30, 2024

**THE JUNGLE THEATER  
BALANCE SHEETS  
AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 120,149	\$ 352,115
Accounts Receivable	-	-
Income Tax Receivable		
Contributions Receivable	-	-
Grants Receivable	210,019	312,700
Prepaid Expenses	7,556	11,231
Total Current Assets	337,724	676,046
<b>PROPERTY AND EQUIPMENT, NET</b>	1,000,961	1,084,004
Total Assets	\$ 1,338,685	\$ 1,760,050
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 24,011	\$ 29,335
Accrued Expenses	34,035	43,580
Current Portion of Notes Payable - Special Assessments	1,167	2,597
Current Portion of Notes Payable - Term Loan	-	15,547
Deferred Revenue	47,261	30,564
Total Current Liabilities	106,474	121,623
<b>NOTES PAYABLE - SPECIAL ASSESSMENT (NET OF CURRENT PORTION)</b>	3,142	4,309
Total Liabilities	109,616	125,932
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated Net Assets (Deficits)	(41,899)	349,687
Net Investment in Property and Equipment	996,652	1,061,551
Without Donor Restrictions	954,753	1,411,238
With Donor Restrictions	274,316	222,880
Total Net Assets	1,229,069	1,634,118
Total Liabilities and Net Assets	\$ 1,338,685	\$ 1,760,050

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT</b>			
Foundation Contributions	\$ 59,054	\$ 151,800	\$ 210,854
Corporate Contributions	3,548	83,500	87,048
Government Grants	15,000	123,625	138,625
Individual Contributions	397,626	19,100	416,726
Special Events (Net of \$8,630 and \$9,372 of Expenses for 2023 and 2022, Respectively)	34,787	-	34,787
Total Support	<u>510,015</u>	<u>378,025</u>	<u>888,040</u>
<b>REVENUE</b>			
Ticket Sales	349,863	-	349,863
Advertising and Concession Income	34,119	-	34,119
Other Earned Income	75,081	-	75,081
Total Revenue	<u>459,063</u>	<u>-</u>	<u>459,063</u>
Net Assets Released from Restrictions	<u>326,589</u>	<u>(326,589)</u>	<u>-</u>
Total Support and Revenue	1,295,667	51,436	1,347,103
<b>EXPENSES</b>			
Program Services:			
Mainstage	1,233,417	-	1,233,417
Support Services:			
Management and General	317,828	-	317,828
Fundraising	198,359	-	198,359
Total Support Services	<u>516,187</u>	<u>-</u>	<u>516,187</u>
Total Expenses	<u>1,749,604</u>	<u>-</u>	<u>1,749,604</u>
<b>CHANGE IN NET ASSETS</b>	(453,937)	51,436	(402,501)
Net Assets - Beginning of the Year	<u>1,411,238</u>	<u>222,880</u>	<u>1,634,118</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u>\$ 957,301</u>	<u>\$ 274,316</u>	<u>\$ 1,231,617</u>

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2022**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT</b>			
Foundation Contributions	\$ 101,825	\$ 100,000	\$ 201,825
Corporate Contributions	39,737	-	39,737
Government Grants	895,284	107,880	1,003,164
Individual Contributions	387,151	-	387,151
Special Events (Net of \$8,630 and \$9,372 of Expenses for 2023 and 2022, Respectively)	12,119	-	12,119
Total Support	<u>1,436,116</u>	<u>207,880</u>	<u>1,643,996</u>
<b>REVENUE</b>			
Ticket Sales	277,077	-	277,077
Advertising and Concession Income	13,561	-	13,561
Other Earned Income	73,125	-	73,125
Total Revenue	<u>363,763</u>	<u>-</u>	<u>363,763</u>
Net Assets Released from Restrictions	<u>165,563</u>	<u>(165,563)</u>	<u>-</u>
Total Support and Revenue	1,965,442	42,317	2,007,759
<b>EXPENSES</b>			
Program Services:			
Mainstage	1,262,015	-	1,262,015
Support Services:			
Management and General	282,049	-	282,049
Fundraising	127,971	-	127,971
Total Support Services	<u>410,020</u>	<u>-</u>	<u>410,020</u>
Total Expenses	<u>1,672,035</u>	<u>-</u>	<u>1,672,035</u>
<b>CHANGE IN NET ASSETS</b>	293,407	42,317	335,724
Net Assets - Beginning of the Year	<u>1,117,831</u>	<u>180,563</u>	<u>1,298,394</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u>\$ 1,411,238</u>	<u>\$ 222,880</u>	<u>\$ 1,634,118</u>

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2023**

	Program Services Mainstage	Support Services			Total All Services
		Management and General	Fundraising	Total Support Services	
Salaries	\$ 615,888	\$ 115,874	\$ 108,594	\$ 224,468	\$ 840,356
Payroll Taxes	55,838	10,081	7,251	17,332	73,170
Benefits	77,480	6,024	7,488	13,512	90,992
Total Personnel Costs	<u>749,206</u>	<u>131,979</u>	<u>123,333</u>	<u>255,312</u>	<u>1,004,518</u>
Production Expense	228,290	-	1,981	1,981	230,271
Ticketing Expense	35,615	-	-	-	35,615
Concession Expense	6,463	-	233	233	6,696
Hospitality	310	3,224	10,913	14,137	14,447
Advertising and Marketing	24,918	3,437	2,413	5,850	30,768
Printing	21,283	2,869	8,045	10,914	32,197
Postage and Shipping	11,064	3,032	2,783	5,815	16,879
Supplies	478	3,265	154	3,419	3,897
Repair and Maintenance	584	54,153	247	54,400	54,984
Utilities	26,152	13,169	4,359	17,528	43,680
Telephone	4,879	5,817	790	6,607	11,486
Dues and Subscriptions	894	4,159	64	4,223	5,117
Legal and Accounting	-	23,889	229	24,118	24,118
Contract Services	13,241	27,414	39,595	67,009	80,250
Insurance	27,744	8,912	1,922	10,834	38,578
Interest	-	1,663	-	1,663	1,663
Bank Fees	24,924	5,327	483	5,810	30,734
Taxes	915	-	-	-	915
Miscellaneous	46	2,844	43	2,887	2,933
Total	<u>1,177,006</u>	<u>295,153</u>	<u>197,587</u>	<u>492,740</u>	<u>1,669,746</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(8,630)</u>	<u>(8,630)</u>	<u>(8,630)</u>
Expenses Before Depreciation	1,177,006	295,153	188,957	484,110	1,661,116
Depreciation	<u>54,621</u>	<u>27,311</u>	<u>9,104</u>	<u>36,414</u>	<u>91,035</u>
Total Functional Expenses	<u>\$ 1,231,627</u>	<u>\$ 322,464</u>	<u>\$ 198,061</u>	<u>\$ 520,524</u>	<u>\$ 1,752,151</u>
Percentage	<u>70.3%</u>	<u>18.4%</u>	<u>11.3%</u>	<u>29.7%</u>	<u>100.0%</u>

See accompanying Notes to Financial Statements.



**THE JUNGLE THEATER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Support Services			Total All Services
	Mainstage	Management and General	Fundraising	Total Support Services	
Salaries	\$ 598,879	\$ 98,750	\$ 75,776	\$ 174,526	\$ 773,405
Payroll Taxes	55,242	10,928	7,424	18,352	73,594
Benefits	60,560	5,608	6,063	11,671	72,231
Total Personnel Costs	<u>714,681</u>	<u>115,286</u>	<u>89,263</u>	<u>204,549</u>	<u>919,230</u>
Production Expense	342,799	675	73	748	343,547
Ticketing Expense	19,001	-	-	-	19,001
Concession Expense	952	-	-	-	952
Hospitality	560	2,184	9,373	11,557	12,117
Advertising and Marketing	17,399	3,665	181	3,846	21,245
Printing	11,358	3,206	6,998	10,204	21,562
Postage and Shipping	4,539	2,015	1,317	3,332	7,871
Supplies	867	2,376	1,919	4,295	5,162
Repair and Maintenance	3,458	34,749	101	34,850	38,308
Utilities	24,356	13,690	4,059	17,749	42,105
Telephone	4,873	2,436	812	3,248	8,121
Dues and Subscriptions	3,055	4,253	62	4,315	7,370
Legal and Accounting	3,000	32,489	8,638	41,127	44,127
Contract Services	11,114	11,184	2,224	13,408	24,522
Insurance	23,295	8,166	1,664	9,830	33,125
Interest	-	4,003	-	4,003	4,003
Bank Fees	17,990	12,487	528	13,015	31,005
Miscellaneous	30	560	350	910	940
Total	<u>1,203,327</u>	<u>253,465</u>	<u>127,562</u>	<u>381,027</u>	<u>1,584,354</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(9,372)</u>	<u>(9,372)</u>	<u>(9,372)</u>
Expenses Before Depreciation	1,203,327	253,465	118,190	371,655	1,574,982
Depreciation	<u>58,688</u>	<u>28,584</u>	<u>9,781</u>	<u>38,365</u>	<u>97,053</u>
Total Functional Expenses	<u>\$ 1,262,015</u>	<u>\$ 282,049</u>	<u>\$ 127,971</u>	<u>\$ 410,020</u>	<u>\$ 1,672,035</u>
Percentage	<u>75.5%</u>	<u>16.9%</u>	<u>7.6%</u>	<u>24.5%</u>	<u>100.0%</u>

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (405,049)	\$ 335,724
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	91,035	97,053
Loss on Disposal of Property and Equipment	-	24,926
(Increase) Decrease in Current Assets:		
Grants Receivable	102,681	(147,994)
Prepaid Expenses	3,675	46,329
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(5,324)	21,475
Accrued Expenses	(9,545)	(2,334)
Deferred Revenue	16,697	(487,075)
Net Cash Used by Operating Activities	(205,830)	(111,896)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and Equipment Purchases	(7,992)	(146,244)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Notes Payable - Term Loan and Special Assessments	(18,144)	(28,776)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(231,966)	(286,916)
Cash and Cash Equivalents - Beginning of Year	352,115	639,031
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 120,149	\$ 352,115
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest	\$ 1,665	\$ 4,003

See accompanying Notes to Financial Statements.

**THE JUNGLE THEATER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022**

**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 courageous, resonant theater that challenges, entertains, and sparks expansive conversation.

During fiscal year 2023, our season featured three shows produced by Jungle Theater, including two world premieres and one co-production, and two presented shows, all for in-person audiences. The pandemic and its aftermath led us to explore programming models different from our pre-pandemic standard of producing five or more shows per season, each running for five to six weeks. The risks inherent in artmaking remain heightened, but so is our sense of possibility for vital change and progress. We continue to be flexible and adaptive in fulfilling our mission and vision within sustainable operational models. The majority of the surplus from COVID relief funding was used in 2023 to offset increased expenses from the rising costs of labor and materials and to bring back full-time programming to the Jungle.

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

**THE JUNGLE THEATER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Government grants are recognized when all condition of such grants are fulfilled or there is reasonable assurance they will be fulfilled. In fiscal year 2021 and 2022, the Theater applied for and received conditional government grants through the Shuttered Venue Operators Grant (SVOG) program from the U.S. Small Business Administration (SBA) totaling \$724,703. As of August 31, 2022, the Theater had complied with the conditions of the SVOG funding to fully recognize \$724,703 in revenue, included in government grants in the statement of activities for 2022.

Additionally, in the year ended August 31, 2022, the Theater complied with conditions of the Employee Retention Credit (ERC) funding from the U.S. Treasury in the amount of \$120,581. The Theater recognized this amount which is classified as government grants in the statement of activities for 2022. Performance requirements were met when costs were incurred in compliance with the program during the year.

Special event revenue consists of sponsorships, auction sales, and other contributions. The exchange element of the special event revenue was approximately \$10,973 and \$9,372 for the years ended August 31, 2023 and 2022, respectively. The portion that is considered to be exchange revenue is recognized as revenue over time when the performance obligations are met with the occurrence of the event.

Revenue from ticket sales for performances are recognized over time after the performance takes place when the performance obligation of the ticket has been met. Advertising income is recognized over the period of time in which the performance obligation is met. Concession revenue is recognized at point of sale, at a point in time.

The following table shows the Theater's exchange revenue disaggregated according to the timing of the transfer of goods or services at August 31:

	<u>2023</u>	<u>2022</u>
Revenue Recognized Over Time:		
Ticket Sales	\$ 349,863	\$ 277,077
Advertising Income	4,350	2,030
Other Earned Revenue	75,081	73,125
Total Revenue Recognized Over Time	<u>\$ 429,294</u>	<u>\$ 279,107</u>
Revenue Recognized at Point in Time:		
Concession Revenue	\$ 14,620	\$ 2,159
Total Revenue Recognized at Point in Time	<u>\$ 14,620</u>	<u>\$ 2,159</u>

**THE JUNGLE THEATER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The following table provides information about significant changes in the Theater's deferred revenue derived from revenue from contracts with customers for which the performance obligations have not yet been met for the years ended August 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred Revenue - Ticket Sales, Beginning of Year	\$ 30,564	\$ 134,825	\$ 122,930
Change in Deferred Revenue Due to Purchases, Refunds, or Redemption of Credits	<u>16,697</u>	<u>(104,261)</u>	<u>11,895</u>
Deferred Revenue - Ticket Sales, End of Year	<u>\$ 47,261</u>	<u>\$ 30,564</u>	<u>\$ 134,825</u>

**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.

**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 \$20,792 and \$21,245 for the years ended August 31, 2023 and 2022, respectively. There were no deferred advertising costs included in prepaid expenses at August 31, 2023 and 2022.

**THE JUNGLE THEATER**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Theater leases various equipment and determines if an arrangement is a lease at inception. Leases are reported as right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the Theater's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Theater uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Theater will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Theater has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

Certain solar lease agreements include payments based on power consumption. These monthly payments are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred.

**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- for the years ended August 31, 2023 and 2022.

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.

**THE JUNGLE THEATER**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Adoption of Accounting Principles**

Additionally, in February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Theater adopted the requirements of the guidance effective September 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Theater has elected to adopt the package of practical expedients available in the year of adoption. The Theater has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Theater's ROU assets. The adoption of this standard had no impact on the Theater's financial position.

**Subsequent Events**

In preparing these financial statements, the Theater has evaluated events and transactions for potential recognition or disclosure through January 30, 2024, the date the financial statements were available to be issued.

**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.

**THE JUNGLE THEATER**  
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**NOTE 2 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT (CONTINUED)**

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

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 120,149	\$ 352,115
Grant Receivables	210,019	312,700
Less: Purpose Restricted	(45,691)	(65,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 284,477	\$ 599,815

**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 both August 31, 2023 and 2022. At August 31, 2023 and 2022, three grantors comprised 97% of the total balance and four grantors comprised 85% of the total balance, respectively.

Four donors and grantors comprised 50% of total support revenue during the year ended August 31, 2023. No contributions comprised greater than 10% of total support revenue during the year ended August 31, 2022.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	2023	2022
Land	\$ 108,957	\$ 108,957
Land Improvements	43,025	43,025
Building and Improvements	2,292,001	2,284,809
Furniture, Fixtures, and Other Equipment	392,347	391,548
Total Cost	2,836,330	2,828,339
Less: Accumulated Depreciation	(1,835,369)	(1,744,335)
Total Property and Equipment	\$ 1,000,961	\$ 1,084,004



**THE JUNGLE THEATER  
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**NOTE 5 NOTES PAYABLE**

Notes payable consisted of a note payable to Propel Nonprofits and special assessments payable to Hennepin County. The note payable matured on February 16, 2023, and the balance carried an interest rate of 6.50%. The note was secured by certain assets of the Theater. Balances were \$-0- and \$15,547 as of August 31, 2023 and 2022, respectively, and was paid in full in 2023.

Special assessments are payable to Hennepin County for streetscape improvements maturing December 31, 2024, with an interest rate of 4.0% and annual principal payments of \$2,022 plus interest and for street improvements maturing December 31, 2027, with an interest rate of 4.25% and annual principal payments of \$866 plus interest. Total special assessments payable were \$4,309 and \$6,906 at August 31, 2023 and 2022, respectively.

Future principal payments of notes payable are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ 1,167
2025	1,217
2026	1,269
2027	656
Total Debt Maturities	<u>\$ 4,309</u>

**Line of Credit**

The Theater has a \$250,000 line of credit at 6.25% interest with a maturity date of November 30, 2023. As of August 31, 2023 and 2022, there were no outstanding balances on the line of credit. On December 20, 2023, the Theater renewed its line of credit for \$250,000 at 7.25% interest with a maturity date of December 16, 2024. The line of credit is secured by certain assets of the Theater.

In addition, the Theater entered into a \$20,000 letter of credit agreement on November 22, 2022, at 6.25% interest with a maturity date of September 8, 2023. On December 20, 2023, the Theater renewed its letter of credit for \$20,000 at an interest rate of 7.25% with a maturity date of September 8, 2024. The letter of credit is for the benefit of the Actors' Equity Association in case the terms of its contract are not fulfilled.

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**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
General Operating (Future Periods)	\$ 228,625	\$ 157,880
Program Restricted	45,691	65,000
Total	<u>\$ 274,316</u>	<u>\$ 222,880</u>

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

	<u>2023</u>	<u>2022</u>
General Operating (Future Periods)	\$ 207,880	\$ 115,563
Program Restricted	118,709	50,000
Total	<u>\$ 326,589</u>	<u>\$ 165,563</u>

**NOTE 7 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 \$9,439 and \$7,668 to the Plan during the years ended August 31, 2023 and 2022, respectively.

**NOTE 8 RELATED PARTY TRANSACTIONS**

Contribution and sponsorship revenues from members of the board of directors totaled \$37,740 and \$30,522 for the years ended August 31, 2023 and 2022, respectively.



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