

*Financial Statements
Years Ended
July 31, 2011 and 2010*

Woolly Mammoth Theatre Company



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Woolly Mammoth Theatre Company

Contents

	Page
<i>Report of Independent Auditors</i>	1
<i>Financial Statements</i>	
<i>Statements of Financial Position</i>	2
<i>Statements of Activities</i>	3 - 4
<i>Statements of Functional Expenses</i>	5 - 6
<i>Statements of Cash Flows</i>	7
<i>Notes to Financial Statements</i>	8 - 12



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Directors
Woolly Mammoth Theatre Company

We have audited the accompanying statement of financial position of *Woolly Mammoth Theatre Company* (a not-for-profit organization) as of July 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of *Woolly Mammoth Theatre Company's* management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of July 31, 2010 were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated January 19, 2011 expressed an unqualified opinion on those statements.

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 the audit 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 Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of *Woolly Mammoth Theatre Company* as of July 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Rockville, Maryland
November 30, 2011

Woolly Mammoth Theatre Company

Statements of Financial Position

July 31,	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 728,025	\$ 921,486
Accounts receivable	6,758	34,639
Contributions receivable	433,921	139,663
Inventory	4,244	3,975
Prepaid expenses	309,876	297,041
Total current assets	<u>1,482,824</u>	<u>1,396,804</u>
Contributions receivable	246,237	-
Investments	740,974	488,076
Deposits	26,358	13,572
Property and equipment - net	<u>6,521,967</u>	<u>6,840,910</u>
	<u>\$ 9,018,360</u>	<u>\$ 8,739,362</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 215,382	\$ 241,363
Accrued payroll liabilities	63,298	57,559
Deferred revenue	502,929	358,948
Other current liabilities	200	3,255
Total current liabilities	<u>781,809</u>	<u>661,125</u>
Net assets		
Unrestricted	267,498	254,695
Temporarily restricted	7,969,053	7,823,542
Total net assets	<u>8,236,551</u>	<u>8,078,237</u>
	<u>\$ 9,018,360</u>	<u>\$ 8,739,362</u>

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Statement of Activities

Year Ended July 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue, support and other changes			
Contributions	\$ 1,188,375	\$ 980,209	\$ 2,168,584
Tickets and subscriptions	1,580,562	-	1,580,562
Special events (net)	148,986	-	148,986
Concessions	71,956	-	71,956
Rental and other revenue	119,206	-	119,206
Investment income	7,112	-	7,112
Advertising	550	-	550
Net assets released from restrictions	834,698	(834,698)	-
	<u>3,951,445</u>	<u>145,511</u>	<u>4,096,956</u>
Expenses			
Program services	3,138,625	-	3,138,625
Management and general	462,350	-	462,350
Fundraising	337,667	-	337,667
	<u>3,938,642</u>	<u>-</u>	<u>3,938,642</u>
Change in net assets	12,803	145,511	158,314
Net assets - beginning of year	<u>254,695</u>	<u>7,823,542</u>	<u>8,078,237</u>
Net assets - end of year	<u>\$ 267,498</u>	<u>\$ 7,969,053</u>	<u>\$ 8,236,551</u>

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Statement of Activities

Year Ended July 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue, support and other changes			
Contributions	\$ 1,115,788	\$ 294,840	\$ 1,410,628
Tickets and subscriptions	1,296,458	-	1,296,458
Special events (net)	135,547	-	135,547
Concessions	59,368	-	59,368
Rental and other revenue	98,742	-	98,742
Investment income	8,905	-	8,905
Advertising	7,600	-	7,600
Net assets released from restrictions	1,019,930	(1,019,930)	-
	<u>3,742,338</u>	<u>(725,090)</u>	<u>3,017,248</u>
Expenses			
Program services	2,917,801	-	2,917,801
Management and general	443,120	-	443,120
Fundraising	283,216	-	283,216
	<u>3,644,137</u>	<u>-</u>	<u>3,644,137</u>
Change in net assets	98,201	(725,090)	(626,889)
Net assets - beginning of year	156,494	8,548,632	8,705,126
Net assets - end of year	<u>\$ 254,695</u>	<u>\$ 7,823,542</u>	<u>\$ 8,078,237</u>

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Statement of Functional Expenses

Year Ended July 31, 2011

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,395,126	\$ 337,586	\$ 182,233	\$ 1,914,945
Contractor services	142,739	15,700	34,588	193,027
Royalties	259,166	-	-	259,166
Building and utilities	183,056	34,723	24,823	242,602
Depreciation	244,488	46,624	33,331	324,443
Supplies	51,413	757	1,548	53,718
Set design	157,588	690	493	158,771
Advertising	323,264	46	697	324,007
Processing fees	47,712	9,099	6,505	63,316
Professional fees	14,197	2,707	1,935	18,839
Printing	94,913	2,972	20,963	118,848
Postage	13,910	124	3,863	17,897
Travel	58,512	493	1,112	60,117
Rent and housing	70,306	306	1,905	72,517
Telephone	16,537	2,729	2,198	21,464
Promotion expenses	8,335	355	11,109	19,799
Dues and subscriptions	13,536	1,466	1,048	16,050
Insurance	17,853	3,405	2,434	23,692
Conferences	9,075	538	4,081	13,694
Bad debt	1,510	-	-	1,510
Miscellaneous	15,389	2,030	2,801	20,220
	\$ 3,138,625	\$ 462,350	\$ 337,667	\$ 3,938,642

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Statement of Functional Expenses

Year Ended July 31, 2010

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,158,453	\$ 300,543	\$ 144,945	\$ 1,603,941
Contractor services	184,769	18,784	41,098	244,651
Royalties	208,536	-	-	208,536
Building and utilities	176,099	36,525	22,716	235,340
Depreciation	248,085	51,653	32,126	331,864
Supplies	52,530	3,170	1,643	57,343
Set design	265,777	292	8	266,077
Advertising	239,360	8	664	240,032
Interest	1,212	252	157	1,621
Processing fees	45,445	9,462	5,885	60,792
Professional fees	46,211	9,622	5,984	61,817
Printing	76,808	2,433	11,285	90,526
Postage	39,179	278	2,691	42,148
Travel	47,238	375	1,642	49,255
Rent and housing	61,905	301	1,618	63,824
Telephone	12,807	2,312	1,438	16,557
Promotion expenses	5,025	621	1,467	7,113
Dues and subscriptions	8,935	1,093	680	10,708
Insurance	19,398	4,039	2,512	25,949
Conferences	7,843	605	2,107	10,555
Bad debt	-	-	828	828
Miscellaneous	12,186	752	1,722	14,660
	\$ 2,917,801	\$ 443,120	\$ 283,216	\$ 3,644,137

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Statements of Cash Flows

Years Ended July 31,	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 158,314	\$ (626,889)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	324,443	331,864
Bad debt expense	1,510	828
Loss on disposals	-	3,856
Change in:		
Accounts receivable	26,371	58,551
Contributions receivable	(540,495)	65,494
Inventory	(269)	(3,102)
Prepaid expenses	(12,835)	(80,734)
Deposits	(12,786)	9,491
Accounts payable and accrued expenses	(25,981)	10,684
Accrued payroll liabilities	5,739	10,818
Deferred revenue	143,981	25,575
Other current liabilities	(3,055)	3,255
Net cash from operating activities	64,937	(190,309)
Cash flows from investing activities		
Purchase of investments	(252,898)	100,147
Purchase of property and equipment	(5,500)	(22,701)
Net cash from investing activities	(258,398)	77,446
Cash flows from financing activities		
Principal payments on capital lease obligations	-	(13,846)
Principal payments on long-term debt	-	(169,886)
Net cash from financing activities	-	(183,732)
Net change in cash and cash equivalents	(193,461)	(296,595)
Cash and cash equivalents - beginning of year	921,486	1,218,081
Cash and cash equivalents - end of year	\$ 728,025	\$ 921,486
Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ 1,621

The accompanying notes are an integral part of these financial statements.

Woolly Mammoth Theatre Company

Notes to Financial Statements

July 31, 2011 and 2010

1. Organization and Nature of Activities

Woolly Mammoth Theatre Company (Organization) is a not-for-profit theatre company dedicated to producing unconventional and frequently new plays that are highly charged emotionally, verbally, and intellectually; nurturing superb Washington theatre artists; and sponsoring community arts projects that meet pressing needs in the community. Through its programs, the Organization engages audiences in an energetic exchange of ideas, promotes education and dialogue among diverse people, and acts as a constructive citizen of Washington D.C.

The Organization was incorporated under the laws of the District of Columbia in 1980 and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization is required to record unconditional promises to give (pledges) as receivables and revenues, and to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. 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.

The financial statements of the Organization have been prepared on the accrual basis of accounting. Therefore, revenues and related assets are being recognized when earned, and expenses and related liabilities are being recognized when obligations are incurred.

Public Support, Revenue and Receivables

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give, due in the next year and in subsequent years, are reflected as current promises to give and are recorded at their net realizable value.

The majority of the promises to give are received from individual donors. An allowance for uncollectible promises to give is provided based on management's evaluation of potential uncollectible promises at year-end. No allowance was required as of July 31, 2011 or 2010, as all receivables are deemed fully collectible.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Revenue from admissions to plays is recognized when the play is performed. Subscriptions and ticket sales, which are collected in advance, are deferred and recognized in the year the play is performed.

Cash Equivalents

The Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. As of July 31, 2011, the Organization had short-term treasury funds and money market funds through Bank of America Securities, LLC and Fidelity Investments that are considered cash equivalents.

Property and Equipment

Acquisitions of property and equipment are recorded at cost, or at estimated fair market value if donated. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. The Organization's policy is to capitalize property and equipment purchased with a cost greater than \$2,500. The building costs were funded by contributions received from a capital campaign. The Organization capitalized the building costs and the capital funds are being released from restriction based on depreciation over 30 years.

Advertising Costs

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Functional Expenses

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

Income Taxes

While the Internal Revenue Service has determined that the Organization is generally exempt from federal income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code, it is subject to tax on unrelated business income generated from rental income under the provisions of Section 511 of the Internal Revenue Code. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of July 31, 2011. Fiscal years ending on or after July 31, 2008 remain subject to examination by federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of interest-bearing transaction accounts. On July 31, 2011, the Organization had \$277,482 in cash on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Organization places its interest-bearing transactions accounts with high credit quality financial institutions. On July 31, 2010, the Organization had no deposits in excess of the FDIC insurance limit.

Reclassification

Certain reclassifications have been made to the 2010 financial statements to conform with the 2011 financial statement presentation. Such reclassifications had no effect on the change in net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 30, 2011, the date the financial statements were available to be issued.

3. Investments

Investments held by the Organization at July 31, 2011 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 741,050	\$ 740,974

Investments held by the Organization at July 31, 2010 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 488,223	\$ 488,076

The following schedule summarizes the investment return for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest	\$ 7,401	\$ 7,904
Dividends	124	1,097
Unrealized and realized losses on investments	(413)	(96)
	<u>\$ 7,112</u>	<u>\$ 8,905</u>

4. Lines of Credit

The Organization has a commercial line of credit with a credit limit of \$400,000 that expired on February 28, 2011 and was renewed for another year until February 28, 2012. The \$400,000 commercial line of credit is collateralized by the Organization's tangible and intangible assets and has a variable interest rate of 1.25 points over the lender's prime rate. There are no outstanding balances on either line of credit at July 31, 2011 and 2010.

5. Contributions Receivable

Contributions receivable consisted of the following at July 31:

	<u>2011</u>	<u>2010</u>
Receivables in less than one year	\$ 433,921	\$ 139,663
Receivables in one to five years	246,237	-
Total unconditional contributions receivable	<u>\$ 680,158</u>	<u>\$ 139,663</u>

6. Property and Equipment

Property and equipment consisted of the following at July 31:

	<u>Useful Lives</u>	<u>2011</u>	<u>2010</u>
Building	30	\$ 7,878,477	\$ 7,878,477
Furniture, fixtures and equipment	5	232,061	226,561
		<u>8,110,538</u>	<u>8,105,038</u>
Less - accumulated depreciation		(1,588,571)	(1,264,128)
		<u>\$ 6,521,967</u>	<u>\$ 6,840,910</u>

Depreciation expense for 2011 and 2010 was \$324,444 and \$331,864, respectively.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of July 31:

	<u>2011</u>	<u>2010</u>
Time and purpose restricted 2010 through 2019	\$ 452,666	\$ 314,247
Breaking New Ground (formerly Capital Campaign)	6,196,353	6,464,085
Free the Beast (formerly Capacity Building Initiative)	1,320,034	1,045,210
	<u>\$ 7,969,053</u>	<u>\$ 7,823,542</u>

8. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Time and purpose restricted 2010 through 2019	\$ 212,947	\$ 295,493
Breaking New Ground (formerly Capital Campaign)	267,732	280,646
Free the Beast (formerly Capacity Building Initiative)	354,019	443,791
	<u>\$ 834,698</u>	<u>\$ 1,019,930</u>

9. Government Funds

The Organization received the following funding from federal and state governments during 2011 and 2010:

	<u>2011</u>	<u>2010</u>
U.S. Commission of Fine Arts	\$ 93,343	\$ 318,653
National Endowment for the Arts	70,000	30,000
D.C. Commission on the Arts and Humanities	1,000	19,000
Federal Campaign of the National Campaign Area	-	2,452
	<u>\$ 164,343</u>	<u>\$ 370,105</u>

10. Capital Lease Obligations

The Organization leased stage equipment under three noncancellable capital lease agreements. The last lease expired in May 2010. The total cost of the equipment of \$120,509 was being amortized over the lesser of the term of the lease or its estimated useful life. There was no depreciation expense for 2011 for this equipment. Depreciation expense on this equipment for 2010 was \$11,789. Depreciation of the leased equipment is included in depreciation expense.

11. Leases

The Organization leases its facility under a 30 year non-cancelable lease for \$1 per year. The lease will expire October, 2031.

The Organization leases two apartments to be used by visiting actors performing at the theater. The two leases are on a month-to-month tenancy starting April 2011. Rent expense for 2011 and 2010 was \$72,516 and \$63,824, respectively.

* * * * *