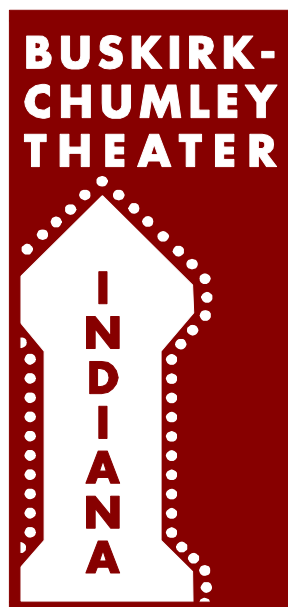


**BCT MANAGEMENT, INC.**

Financial Statements  
DECEMBER 31, 2013 AND 2011



**BCT MANAGEMENT, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
BCT Management, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of BCT Management, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the two-years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCT Management, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the two-years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the BCT Management Inc.'s 2011 financial statements, and our report dated February 27, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stampfli Associates*

March 6, 2014

**BCT MANAGEMENT, INC.**

Balance Sheets  
December 31, 2013 and 2011

	<u>2013</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 115,807	\$ 91,453
Accounts receivable	19,015	38,662
Pledge receivable	9,500	-
Prepaid and deferred expenses	<u>3,491</u>	<u>2,404</u>
Total current assets	<u>147,813</u>	<u>132,519</u>
 <b>PROPERTY AND EQUIPMENT-net</b>		
Equipment	50,042	53,838
Leasehold improvements	100,127	98,827
Less accumulated depreciation	<u>(37,996)</u>	<u>(29,347)</u>
	<u>112,173</u>	<u>123,318</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 259,986</u>	 <u>\$ 255,837</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 12,546	\$ 6,192
Deferred revenue and customer deposits	56,668	96,917
Payroll withholding and accrued expenses	<u>6,722</u>	<u>6,497</u>
TOTAL LIABILITIES	<u>75,936</u>	<u>109,606</u>
 <b>NET ASSETS:</b>		
Unrestricted	184,050	140,881
Temporarily restricted	<u>-</u>	<u>5,350</u>
 <b>TOTAL NET ASSETS</b>	 <u>184,050</u>	 <u>146,231</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 259,986</u>	 <u>\$ 255,837</u>

**BCT MANAGEMENT, INC.**

Statement of Activity  
Two Years Ended December 31, 2013  
with summarized financial information for the year ended December 31, 2011

	Unrestricted	Temporarily Restricted	2012-2013	2011
<b>SUPPORT AND REVENUE:</b>				
Performance revenue	\$ 369,116	\$ -	\$ 369,116	\$ 137,417
Rental income	309,724	-	309,724	137,729
Other customer charges	173,923	-	173,923	78,683
Donations	143,168	-	143,168	57,453
Support from City of Bloomington	115,500	-	115,500	90,000
Concession revenue	110,154	-	110,154	33,959
In-kind donations	106,462	-	106,462	64,265
Other revenue	49,309	-	49,309	38,432
Other organizational support	41,859	-	41,859	21,004
Interest income	79	-	79	73
Total support and revenue	<u>1,419,294</u>	<u>-</u>	<u>1,419,294</u>	<u>659,015</u>
Net assets released from restrictions	<u>5,350</u>	<u>(5,350)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>1,424,644</u>	<u>(5,350)</u>	<u>1,419,294</u>	<u>659,015</u>
<b>EXPENSES:</b>				
Payroll	503,775	-	503,775	283,518
Program costs	466,420	-	466,420	167,780
Utilities	76,563	-	76,563	35,823
Other administrative costs	59,841	-	59,841	23,206
Concession expense	57,514	-	57,514	15,202
Repairs and maintenance	38,633	-	38,633	18,143
Payroll taxes	38,538	-	38,538	18,871
Office expense	32,706	-	32,706	22,278
Public relations	27,402	-	27,402	10,668
Insurance	21,704	-	21,704	11,266
Employee benefits	21,452	-	21,452	14,424
Depreciation	15,763	-	15,763	7,516
Professional fees	10,640	-	10,640	9,228
Loss on disposal of property	3,783	-	3,783	-
Uncollectible accounts	6,741	-	6,741	1,048
Total expenses	<u>1,381,475</u>	<u>-</u>	<u>1,381,475</u>	<u>638,971</u>
CHANGE IN NET ASSETS	43,169	(5,350)	37,819	20,044
NET ASSETS -- Beginning of Year	<u>140,881</u>	<u>5,350</u>	<u>146,231</u>	<u>126,187</u>
NET ASSETS -- End of Year	<u>\$ 184,050</u>	<u>\$ -</u>	<u>\$ 184,050</u>	<u>\$ 146,231</u>

See accompanying notes to financial statements

**BCT MANAGEMENT, INC.**

Statements of Cash Flows  
Two Years Ended December 31, 2013 and Year Ended December 31, 2011

	<u>2012-2013</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in Net Assets	\$ 37,819	\$ 20,044
Changes not requiring cash in the current year:		
Depreciation	15,763	7,516
Loss on disposal of property	3,783	-
Add (deduct) net changes in other accounts:		
Accounts receivable	19,647	(21,247)
Pledge receivable	(9,500)	4,766
Prepaid and deferred expenses	(1,087)	8,845
Accounts payable	6,354	(2,202)
Deferred revenue and customer deposits	(40,249)	78,861
Payroll withholding and accrued expenses	<u>225</u>	<u>(7,370)</u>
Net cash provided by operating activities	<u>32,755</u>	<u>89,213</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(8,401)	(111,391)
Cash donated for long-term purposes	<u>-</u>	<u>53,000</u>
Net cash provided (used) by investing activities	<u>(8,401)</u>	<u>(58,391)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<u>-</u>	<u>-</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	24,354	30,822
<b>CASH AND CASH EQUIVALENTS -- Beginning of Year</b>	<u>91,453</u>	<u>60,631</u>
<b>CASH AND CASH EQUIVALENTS -- End of Year</b>	<u>\$ 115,807</u>	<u>\$ 91,453</u>
<b>SUPPLEMENTAL DATA FOR NON-CASH ACTIVITIES:</b>		
In-kind supplies and services	\$ 106,452	\$ 64,265

## **BCT MANAGEMENT, INC.**

### Notes to Financial Statements

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### Nature of Operations:

BCT Management, Inc. (the organization) is an Indiana not-for-profit corporation. The purpose of the organization is to develop, manage, and promote the Buskirk-Chumley Theatre (the theater) in Bloomington Indiana. This includes managing the theater in accordance with a contract with the City of Bloomington.

##### Cash and Cash Equivalents:

Cash and cash equivalents include cash and bank accounts including cash classified as non-current because it is restricted for long-term purposes.

##### Equipment:

Equipment is recorded at cost, except in the case of donated property which was recorded at the estimated fair-market value at the date of donation. Equipment is depreciated using the straight-line method over estimated useful lives of five to fifteen years. Leasehold improvements are depreciated over 40 years.

##### Restricted contributions:

It is the policy of the organization to treat temporarily restricted contributions as unrestricted if the restriction is met in the same period as the contribution.

##### Donated Services:

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of individuals volunteer services for the management and program activities which do not meet the standards of recognition. Other donated services do meet the standards of recognition and are described below.

##### Donated Assets:

The organization reports gifts of cash and other assets as 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 statement of activities as net assets released from restrictions.

The organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the donated assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

##### Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



## BCT MANAGEMENT, INC.

### Notes to Financial Statements

#### NOTE 2 - INCOME TAXES:

The organization files Federal and Indiana income tax returns as an exempt organization under section 501(c)(3) of the Internal Revenue Code and does not report any unrelated business income or other income taxes. The organization is not considered to be a private foundation.

The organization's Federal and Indiana income tax returns for 2010 and later are subject to examination by the IRS and state of Indiana, generally for three years after they were filed. The organization recognizes tax benefits only to the extent the organization believes it is "more likely than not" that its tax positions would be sustained upon examination. There were no tax positions considered less than 50% likely of sustainability.

There were no income tax penalties or interest incurred in 2012-2013 or 2011.

#### NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable are stated at the amount of uncollateralized amounts that management expects to collect from outstanding balances. Accounts are considered delinquent when they become 90 days past due. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from customers and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for doubtful accounts at both December 31, 2013 and 2011 was \$0.

The ageing of accounts receivable are as follows:

	<u>2013</u>	<u>2011</u>
Unbilled accounts receivable	\$ ---	\$19,121
Under 30 days	9,969	10,239
31 to 60 days	---	3,863
61 to 90 days	3,527	417
Over 90 days	<u>5,519</u>	<u>5,022</u>
Total	<u>\$19,015</u>	<u>\$38,662</u>

#### NOTE 4 - PLEDGES RECEIVABLE:

Pledges receivable consist of pledges from businesses and other not for profit organizations. Pledges receivable are as follows:

	<u>2013</u>	<u>2011</u>
Currently due	\$9,500	\$ ---
Due in one year	---	---
Due in 2 to 5 years	<u>---</u>	<u>---</u>
Total	<u>\$9,500</u>	<u>\$ ---</u>

**BCT MANAGEMENT, INC.**

Notes to Financial Statements

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets consist of contributions restricted to future activities as follows:

	<u>2013</u>	<u>2011</u>
Sponsorships of future programs	\$ <u>---</u>	<u>\$5,350</u>

**NOTE 6 - RECLASSIFICATIONS:**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Generally this consisted of conducting the specific theater programs for which the contributions were received. In 2012-2013 there was a release of restrictions for \$5,350 for programs.

**NOTE 7 - MANAGEMENT CONTRACT:**

The organization manages the theater under the terms of agreements with the City of Bloomington. The agreement was executed in December 2008 for the period of January 2009 through December 2011. The agreement provided funding of \$70,000 in 2010 and \$65,000 in 2011. The agreement also provided up to \$24,000 per year for selected equipment or building repairs.

In October 2011 a new contract was signed for the term of January 2012 through December 2014. The agreement projects funding of \$60,000 for 2012, \$55,000 for 2013 and \$50,000 for 2014. The agreement also provides up to \$24,000 per year for selected equipment or building repairs.

Support received from the city is summarized as follows:

	<u>2012-2013</u>	<u>2011</u>
Support received under primary contract	\$115,000	\$65,000
Support for capital improvements	<u>---</u>	<u>25,000</u>
Total	<u>\$115,000</u>	<u>\$90,000</u>

The theater is owned by the City of Bloomington.

**NOTE 8 - IN-KIND CONTRIBUTIONS:**

In-kind contributions are received from individuals, businesses and other not-for-profit organizations. In 2012-2013 and 2011 contributions consisted of trained staffing provided through a university work study program and performed by students in fields related to the functions performed. In-kind donations also included food, beverages, promotional costs and equipment use totaling \$66,041 in 2012-2013 and \$17,910 in 2011.

**BCT MANAGEMENT, INC.**

Notes to Financial Statements

**NOTE 9 - EXPENSES BY FUNCTIONAL AREA:**

Expenses incurred were for:

	<u>2012-2013</u>	<u>2011</u>
Program Services	\$1,216,659	\$564,076
Supporting Services:		
Management and general	141,141	64,723
Fund raising	<u>23,675</u>	<u>10,172</u>
Total	<u>\$1,381,475</u>	<u>\$638,971</u>

**NOTE 10 - FINANCIAL INSTRUMENTS:**

The carrying amount of all financial instruments reported approximate fair values because of the short maturities of those instruments.

**NOTE 11 - ADVERTISING:**

It is the policy of the organization to expense advertising costs as incurred unless it pertains to a specific event which has not yet occurred in which case it is deferred until the event occurs. Advertising and marketing expense is \$59,788 for 2012-2013 and \$29,419 in 2011.

**NOTE 12 - LABOR CONTRACT:**

Most employees of the organization are compensated in accordance with a series of contracts between the organization and Bloomington Local No. 618 of the International Alliance of Theatrical Stage Employee, Movie Picture Technicians, Artist and Allied Craft of the United States and Canada. The contracts require that covered positions be staffed by union members and sets certain terms for service, benefits, and compensation. The contracts are annually revised or renewed. The latest contract expires December 31, 2014. Total compensation expense under the contracts during 2012-2013 was \$173,835 and \$78,777 for 2011.

**NOTE 13 - CONCENTRATIONS:**

Approximately one third of the use of the theater has been by Indiana University and its related entities, departments or groups. If these organizations discontinued their use it could significantly reduce the overall use and revenue of the theater.

**NOTE 14 - SUBSEQUENT EVENTS:**

For the purposes of this financial statement subsequent events were evaluated through March 6, 2014 which is the date the financial statements were available to be issued.