

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
AUDITED FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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## TABLE OF CONTENTS

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES .....	5
STATEMENTS OF FUNCTIONAL EXPENSES .....	6
STATEMENTS OF CASH FLOWS .....	7
NOTES TO THE FINANCIAL STATEMENTS .....	8



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Synchronicity Performance Group  
d/b/a Synchronicity Theatre  
1545 Peachtree St. NW #102  
Atlanta, GA 30309

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

We have audited the accompanying financial statements of Synchronicity Performance Group d/b/a Synchronicity Theatre (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the 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 upon our audits. 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 audits 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 upon 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

To the Board of Directors  
Synchronicity Performance Group  
d/b/a Synchronicity Theatre

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 Synchronicity Performance Group d/b/a Synchronicity Theatre as of June 30, 2018 and 2017, and the changes in 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.

*R MICHAEL LaBOUNTY & ASSOCIATES, PC*

Atlanta, Georgia  
March 29, 2019

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 16,094	\$ 8,937
Cash - restricted	33,246	30,234
Pledges receivable	160,211	36,000
Pledges receivable - restricted , current portion	25,000	-
Accounts receivable	3,331	1,458
Prepaid expenses	<u>10,059</u>	<u>5,636</u>
Total current assets	<u>247,940</u>	<u>82,264</u>
<b>PROPERTY &amp; EQUIPMENT:</b>		
Property & equipment	12,833	12,833
Leasehold improvements	100,746	100,746
Less accumulated depreciation	<u>(105,607)</u>	<u>(81,218)</u>
Total property & equipment - net	<u>7,972</u>	<u>32,361</u>
<b>LONG-TERM ASSETS:</b>		
Pledges receivable - restricted, less current portion	60,417	85,417
Certificate of deposit - restricted	<u>40,000</u>	<u>45,000</u>
Total long-term assets	<u>100,417</u>	<u>130,417</u>
Total assets	<u>\$ 356,330</u>	<u>\$ 245,043</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
AS OF JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 13,154	\$ 4,985
Deferred revenue	16,965	5,480
Line of credit	<u>49,750</u>	<u>26,293</u>
 Total current liabilities	 <u>79,869</u>	 <u>36,758</u>
 Total liabilities	 <u>79,869</u>	 <u>36,758</u>
 <b>NET ASSETS</b>		
Unrestricted	120,810	67,634
Temporarily restricted	<u>155,651</u>	<u>140,651</u>
 Total net assets	 <u>276,461</u>	 <u>208,285</u>
 Total liabilities and net assets	 <u>\$ 356,330</u>	 <u>\$ 245,043</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>REVENUE &amp; SUPPORT:</b>		
Grants & contributions	\$ 532,389	\$ 291,339
Ticket sales & concessions	119,702	169,581
Events	90,079	44,048
Rent income	35,097	42,006
Other	24,803	25,045
Released restrictions	<u>25,000</u>	<u>123,301</u>
Total revenue & support	<u>827,070</u>	<u>695,320</u>
<b>EXPENSES:</b>		
Program expenses	510,658	477,191
Fundraising expenses	112,986	89,291
General & administrative expenses	<u>150,250</u>	<u>129,550</u>
Total expenses	<u>773,894</u>	<u>696,032</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>53,176</u>	<u>(712)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Restricted contributions	40,000	192,083
Net assets released from restrictions	<u>(25,000)</u>	<u>(123,301)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>15,000</u>	<u>68,782</u>
<b>INCREASE IN NET ASSETS</b>	68,176	68,070
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>208,285</u>	<u>140,215</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 276,461</u></u>	<u><u>\$ 208,285</u></u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>Program Expenses</b>	<b>Fundraising Expenses</b>	<b>General &amp; Administrative Expenses</b>	<b>Total</b>
<b>June 30, 2018</b>				
Personnel	\$ 335,684	\$ 62,661	\$ 50,861	\$ 449,206
Occupancy	94,534	-	22,790	117,324
Other production costs	54,039	-	-	54,039
Office expenses	1,714	19,480	33,198	54,392
Marketing	24,687	21,937	-	46,624
Depreciation	18,292	6,098	-	24,390
Professional fees	-	-	16,540	16,540
Insurance	-	-	11,379	11,379
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 528,950</u>	<u>\$ 110,176</u>	<u>\$ 134,768</u>	<u>\$ 773,894</u>
<b>June 30, 2017</b>				
Personnel	\$ 293,413	\$ 54,771	\$ 52,562	\$ 400,746
Occupancy	92,766	-	22,364	115,130
Other production costs	51,666	-	-	51,666
Office expenses	-	21,229	36,483	57,712
Marketing	14,957	13,291	-	28,248
Depreciation	18,292	6,097	-	24,389
Professional fees	-	-	14,584	14,584
Insurance	-	-	3,557	3,557
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 471,094</u>	<u>\$ 95,388</u>	<u>\$ 129,550</u>	<u>\$ 696,032</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS (USED BY) BY OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 68,176	\$ 68,070
Adjustments to reconcile increase in net assets to net cash (used by) operating activities		
Depreciation	24,390	24,389
(Increase) decrease in accounts receivable	(1,873)	42
(Increase) in pledges receivable	(124,211)	(121,417)
Decrease (Increase) in prepaid expenses	(4,423)	4,321
Increase (decrease) in accounts payable	8,169	(14,685)
Increase in deferred revenue	<u>11,485</u>	<u>2,964</u>
Net cash (used by) operating activities	<u>(18,287)</u>	<u>(36,316)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</b>		
Certificate of deposit - restricted release	<u>5,000</u>	<u>5,000</u>
Net cash provided by investing activities	<u>5,000</u>	<u>5,000</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>		
Line of credit borrowings	23,456	46,250
Line of credit payments	<u>-</u>	<u>(19,957)</u>
Net cash provided by financing activities	<u>23,456</u>	<u>26,293</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>10,169</b>	<b>(5,023)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>39,171</b></u>	<u><b>44,194</b></u>
<b>CASH, END OF YEAR</b>	<u><u><b>\$ 49,340</b></u></u>	<u><u><b>\$ 39,171</b></u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	<u><u>\$ 1,903</u></u>	<u><u>\$ 1,417</u></u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Formed in 1997, Synchronicity Performance Group, Inc. d/b/a Synchronicity Theatre (the Organization) was incorporated in the state of Georgia in 2000 as a not-for-profit theatre with a focus on work by women and community involvement. A unique force on the Atlanta arts scene, the Organization is a dynamic and vibrant company producing smart, gutsy and bold theatre for Atlanta and beyond. The Organization is funded through ticket sales, grants and contributions.

**Note A – Summary of Significant Accounting Policies**

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statements' preparation. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

**Basis of Accounting and Presentation** - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Information regarding its financial position and activities is presented under three separate net asset classifications: unrestricted, temporarily restricted and permanently restricted net assets. For both years ended June 30, 2018 and 2017, the Organization recorded no permanently restricted net assets.

**Cash and Cash Equivalents** – Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

**Accounts and Pledges Receivable** - The Organization records pledges as accounts receivable upon receipt of documentation from the primary payment source, which is usually individual contributors or pledges from other foundations and organizations. The Organization determines whether an allowance for uncollectable receivables is required, adjusting any provision based upon an evaluation of its historical experience and industry averages. For the years ended June 30, 2018 and 2017, the Organization's evaluation determined that no allowance was necessary.

**Property and Equipment** - Purchased furniture and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at donation date. Expenditures for repairs, maintenance, renewals and betterments which materially prolong an asset's useful life are capitalized. Depreciation and amortization is provided under the straight-line method over each asset's estimated useful life. For the years ended June 30, 2018 and 2017, depreciation and amortization expense was \$24,390 and \$24,389, respectively.

**Restricted and Unrestricted Revenue** – Donor-restricted contributions are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction expires or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Donated Assets and Services** - Donated marketable securities and other noncash donations are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. If those conditions are met, then a contribution and an expense of equal amounts are recognized. Other donations in-kind are recorded as contributions at their estimated fair value at the date of donation. During the years ended June 30, 2018 and 2017, the Organization had no recognized in-kind donations for donated services and materials.

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**Note A – Summary of Significant Accounting Policies (continued)**

**Costs Allocated to Programs** - The Organization applies formulas in allocating certain groups of expenses on a functional basis to general & administration, fundraising and programs. The allocation formulas are derived from cost of labor based upon personnel assignments, the space and other resources assigned to personnel involved in an activity and analyses of time expended on certain activities. Allocation formulas are reevaluated annually or as material changes warrant.

**Tax Exempt Status** - The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2018 and 2017, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Organization’s financial statements. The Organization has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential IRS examination (2014-2017).

**Fair Value of Financial Instruments** - The Organization’s financial instruments include cash, pledges receivable, accounts payable, and accrued expenses. The carrying value of these instruments approximates fair value due to their relatively short-term nature.

**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 affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**Note B – Temporarily Restricted Net Assets**

As described within Note A, temporarily restricted net assets are comprised of contributions received subject to donor-imposed restrictions. As of June 30, 2018 and 2017, restricted net assets are comprised of the following donor imposed purpose restricted contributions:

	<b>2018</b>	<b>2017</b>
Cash reserves	\$ 55,000	\$ 15,000
Transition/capital campaign	10,234	10,234
General operations	<u>90,417</u>	<u>115,417</u>
	<u>\$ 155,651</u>	<u>\$ 140,651</u>

At June 30, 2018, the cash reserve balance was \$37,000 less than the required balance. These funds were used to supplement operations while waiting on grant funds to disburse. This transaction was approved by the Board. In August 2018, the funds were redeposited into the cash reserve fund, bringing it up to the required balance. During the years ended June 30, 2018 and 2017, net assets of \$25,000 and \$123,301, respectively, were released from donor restrictions.

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

**Note C – Line of Credit**

In 2018 and 2017, The Organization had a line of credit of \$50,000 through a regional bank, at an interest rate of 5.25% and 4.00%, respectively. The line of credit expires in December 2018. The balances outstanding on this line of credit were \$49,750 and \$26,293, for years ended June 30, 2018 and 2017. The Organization’s interest expense for the years ended June 30, 2018 and 2017 was \$1,903 and \$1,417, respectively.

**Note D – Commitments and Contingencies**

The Organization leases its administrative offices under an operating lease that expired in January 2018, with monthly payments of \$1,073. This lease has continued on a month to month basis. The Organization has leased new administrative offices beginning in June 2019 and continuing for 60 months. In addition, the Organization has a lease for its theatre expiring in September 2021. This lease required a \$50,000 security deposit in the form of a demand letter of credit. The Organization has pledged a \$50,000 certificate of deposit to secure the demand letter of credit which was issued by a regional bank. The letter of credit reduces each October 1 by \$5,000, resulting in a letter of credit of \$25,000 for the final year.

For the years ended June 30, 2018 and 2017, rental expense for these leases was \$106,431 and \$106,431, respectively. Minimum future rental payments under these non-cancelable operating leases are as follows:

Year ended June 30,	
2019	\$ 97,446
2020	118,704
2021	121,165
2022	45,881
2023	20,580
Thereafter	<u>18,865</u>
Total	<u>\$ 422,641</u>

**Note E – Reclassification**

Certain reclassifications have been made to the prior year’s comparative information to conform to the presentation of the current financial statements. The reclassifications have no effect on the change in net assets for the prior year.

**SYNCHRONICITY PERFORMANCE GROUP  
D/B/A SYNCHRONICITY THEATRE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

**Note F – Concentration of Credit and Other Risks**

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is \$250,000 per depositor per financial institution. As of June 30, 2018 and 2017, the Organization's balances did not exceed these insured limits. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss. In addition, the Organization's primary source of revenue is derived from grants, and primarily from one agency. During the years ended June 30, 2018 and June 30, 2017, the Organization received 64% and 42%, respectively of its total revenue from grant sources. Because of the Organization's dependence on these granting agencies, any circumstances which could affect the grantor's ability to honor grant agreements could negatively impact the Organization and its ability to carry out its programs.

**Note G – Subsequent Events**

Management has evaluated events and transactions which occurred through March 29, 2019, which was the date the financial statements were available to be issued. As a result of this evaluation, except for the lease discussed in Note D, management has determined that no events or transactions are required to be disclosed.