

AMERICAN THEATRE WING, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

SEPTEMBER 30, 2013 AND 2012

AMERICAN THEATRE WING, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-13
Supplemental Information	
Independent Auditor's Report on Supplemental Information	15
Schedule of Functional Expenses	16

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Theatre Wing, Inc.

We have audited the accompanying financial statements of American Theatre Wing, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities 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 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 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 Organization'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 Organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Theatre Wing, Inc. as of September 30, 2013 and 2012, 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.

Fried and Kowgios Partners CPA's LLP

New York, New York
February 27, 2014

AMERICAN THEATRE WING, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

	2013			2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Assets						
Current Assets						
Cash and cash equivalents (Notes 1c, 3 and 4a)	\$ 829,271	\$ -	\$ 829,271	\$ 1,288,386	\$ 17,541	\$ 1,305,927
Investments (Notes 1e, 3 and 4b)	5,830,552	719,694	6,550,246	4,785,458	718,829	5,504,287
Accounts receivable	613	-	613	4,820	-	4,820
Unconditional promises to give (Notes 1f and 6)	47,700	486	48,186	130,750	62,957	193,707
Prepaid expenses	21,730	-	21,730	22,737	-	22,737
Investment in TAP (Notes 1d, 1e and 5)	771,037	-	771,037	461,150	-	461,150
Total Current Assets	7,500,903	720,180	8,221,083	6,693,301	799,327	7,492,628
Furniture and equipment, at cost, net of accumulated depreciation (Notes 1g and 7)	56,743	-	56,743	20,227	-	20,227
Security deposit	19,797	-	19,797	19,724	-	19,724
Total Assets	\$ 7,577,443	\$ 720,180	\$ 8,297,623	\$ 6,733,252	\$ 799,327	\$ 7,532,579
Liabilities and Net Assets						
Liabilities						
Current Liabilities						
Accounts payable and accrued expenses	\$ 157,214	\$ -	\$ 157,214	\$ 128,553	\$ -	\$ 128,553
Grants payable (Notes 1h and 8)	100,000	-	100,000	100,000	-	100,000
Deferred rent (Note 9b)	4,548	-	4,548	11,512	-	11,512
Total Liabilities	261,762	-	261,762	240,065	-	240,065
Commitments and contingencies (Note 9)						
Net Assets						
Unrestricted	966,950	-	966,950	666,392	-	666,392
Board-designated (Note 2a)	6,348,731	-	6,348,731	5,826,795	-	5,826,795
Temporarily restricted (Note 2b)	-	720,180	720,180	-	799,327	799,327
Total Net Assets	7,315,681	720,180	8,035,861	6,493,187	799,327	7,292,514
Total Liabilities and Net Assets	\$ 7,577,443	\$ 720,180	\$ 8,297,623	\$ 6,733,252	\$ 799,327	\$ 7,532,579

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013				2012			
	UNRESTRICTED	BOARD-DESIGNATED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	BOARD-DESIGNATED	TEMPORARILY RESTRICTED	TOTAL
Public Support and Other Revenue								
Public Support (Note 1f)								
Government	\$ 43,000	\$ -	\$ -	\$ 43,000	\$ 3,760	\$ -	\$ -	\$ 3,760
Foundations	86,050	-	-	86,050	51,500	-	99,957	151,457
Corporate	32,000	-	-	32,000	6,020	-	-	6,020
Individuals	191,156	-	4,530	195,686	245,987	250	33,152	279,389
Fundraising benefit	693,700	-	-	693,700	597,709	-	-	597,709
Less: Direct costs of fundraising benefit	(175,993)	-	-	(175,993)	(154,069)	-	-	(154,069)
Donated services (Note 10)	10,130	-	-	10,130	3,396	-	-	3,396
Net assets released from restrictions								
Foundations	97,351	-	(97,351)	-	70,229	-	(70,229)	-
Individuals	-	-	-	-	5,000	-	(5,000)	-
	<u>977,394</u>	<u>-</u>	<u>(92,821)</u>	<u>884,573</u>	<u>829,532</u>	<u>250</u>	<u>57,880</u>	<u>887,662</u>
Other Revenue								
Investment income (Note 4b)	-	521,936	13,674	535,610	-	573,146	34,831	607,977
Program fees (Note 1j)	43,005	-	-	43,005	45,250	-	-	45,250
Royalty income (Note 1j)	65	-	-	65	58	-	-	58
Equity net income in TAP (Note 5)	754,903	-	-	754,903	695,016	-	-	695,016
Miscellaneous income	3,085	-	-	3,085	21,594	-	-	21,594
Total Public Support and Other Revenue	<u>1,778,452</u>	<u>521,936</u>	<u>(79,147)</u>	<u>2,221,241</u>	<u>1,591,450</u>	<u>573,396</u>	<u>92,711</u>	<u>2,257,557</u>
Expenses								
Program Services	<u>1,052,265</u>	<u>-</u>	<u>-</u>	<u>1,052,265</u>	<u>929,570</u>	<u>-</u>	<u>-</u>	<u>929,570</u>
Supporting Services								
Management and general	206,516	-	-	206,516	232,531	-	-	232,531
Fundraising	219,113	-	-	219,113	288,933	-	-	288,933
Total Supporting Services	<u>425,629</u>	<u>-</u>	<u>-</u>	<u>425,629</u>	<u>521,464</u>	<u>-</u>	<u>-</u>	<u>521,464</u>
Total Expenses	<u>1,477,894</u>	<u>-</u>	<u>-</u>	<u>1,477,894</u>	<u>1,451,034</u>	<u>-</u>	<u>-</u>	<u>1,451,034</u>
Increase (Decrease) in Net Assets	300,558	521,936	(79,147)	743,347	140,416	573,396	92,711	806,523
Net assets, beginning of year	<u>666,392</u>	<u>5,826,795</u>	<u>799,327</u>	<u>7,292,514</u>	<u>525,976</u>	<u>5,253,399</u>	<u>706,616</u>	<u>6,485,991</u>
Net Assets, End of Year	<u>\$ 966,950</u>	<u>\$ 6,348,731</u>	<u>\$ 720,180</u>	<u>\$ 8,035,861</u>	<u>\$ 666,392</u>	<u>\$ 5,826,795</u>	<u>\$ 799,327</u>	<u>\$ 7,292,514</u>

See notes to financial statements.

AMERICAN THEATRE WING, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 743,347	\$ 806,523
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	13,484	13,484
Donated securities	(5,119)	(15,211)
Realized gain on sale of investments	(368,637)	(95,477)
Unrealized gain on investments	(80,200)	(425,340)
Equity net income in TAP	(754,903)	(695,016)
(Increase) decrease in:		
Accounts receivable	4,207	(1,617)
Unconditional promises to give	145,521	(8,978)
Prepaid expenses	1,007	3,535
Security deposit	(73)	(19,724)
Increase (decrease) in:		
Accounts payable and accrued expenses	28,661	58,597
Deferred rent	(6,964)	(6,964)
Net Cash Used By Operating Activities	<u>(279,669)</u>	<u>(386,188)</u>
Cash Flows From Investing Activities		
Distributions from joint venture	445,016	590,697
Proceeds from sale of investments	6,544,674	505,801
Purchase of investments	(7,136,677)	(458,059)
Purchase of furniture and equipment	(50,000)	-
Net Cash Provided (Used) By Investing Activities	<u>(196,987)</u>	<u>638,439</u>
Net increase (decrease) in cash and cash equivalents	(476,656)	252,251
Cash and cash equivalents, beginning of year	<u>1,305,927</u>	<u>1,053,676</u>
Cash and Cash Equivalents, End of Year	<u>\$ 829,271</u>	<u>\$ 1,305,927</u>

See notes to financial statements.

AMERICAN THEATRE WING, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2013 AND 2012****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

American Theatre Wing, Inc., a New York State corporation, (the "Organization") is engaged in the furtherance of excellence in the theatre arts through media initiatives promoting the understanding of how theatre is made, educational programs for aspiring and early career theatre professionals and granting awards for excellence in theatre.

The Organization is the founder of the Antoinette Perry Awards ("TONY Awards") for the distinguished achievement in theatre and is the registered owner of the service mark "TONY" Awards.

b - Basis of Accounting

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.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

d - Fair Value Measurements

The Organization reflects fair value using an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. Fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets and liabilities.

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements (continued)

The Organization's investments are classified within Level 1 (ETFs and CEFs, common stocks and mutual funds) and Level 2 (corporate bonds) of the fair value hierarchy. Fair value is determined using quoted market values. The Organization's investment in joint venture ("Investment in TAP") is classified within Level 2 of the fair value hierarchy. Fair value is determined using financial statements prepared by independent sources based on the net book value of the joint venture. Fair value for the future cash flow is uncertain, therefore not reflected.

e - Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Organization's investment in Tony Awards Productions ("TAP") is shared equally under a joint venture agreement and is recorded at cost as the investment is nontransferable and is not traded on the open market thereby precluding any current market valuation. Annually, the Organization reflects their joint venture share of the net income or loss (see Note 5).

f - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

g - Furniture and Equipment

Furniture and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$2,000. Lesser amounts are expensed. Furniture and equipment are being depreciated over the useful life of the related asset using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (continued)

h - Grants

Grants are recorded as expenses at the time the Board approves and recipients accept the award and are generally payable within one year.

i - Financial Statement Presentation

The Organization presents its financial statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions or by the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations.

j - Revenue Recognition

Program fees and royalty income are recognized in the period to which the income relates.

k - Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

l - Tax Status and Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended September 30, 2012, 2011 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

For federal, state and local income tax purposes any income or loss from the joint venture operations is reported by the respective partners (see Note 5). The joint venture's Forms 1065, *U.S. Return of Partnership Income*, for the years ended June 30, 2012, 2011 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 2 - Restriction on Net Assets

a - Board-Designated Net Assets

The Board established the board-designated net assets, which are restricted for cash reserve and program development purposes. Income earned on these funds is added to the net asset balance with losses deducted within the same fund. The total of the board-designated net assets as of September 30, 2013 and 2012 consisted of \$1,000,000 cash reserve and \$5,348,731 (2013) and \$4,826,795 (2012) program development fund, respectively. In 2011, a fund was established in memory of a long time board member. The funds are to accumulate and be used towards specific programs at the discretion of the chairman of the Board. The balance of the fund as of September 30, 2013 and 2012 was \$18,300.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of September 30:

	<u>2013</u>	<u>2012</u>
Jonathan Larson Grant Fund	\$ 720,180	\$ 749,327
Working in the Theatre Program	-	50,000
	<u>\$ 720,180</u>	<u>\$ 799,327</u>

The Jonathan Larson Grant Fund (the "Fund") was created by the Larson Foundation and certain officers' (collectively referred to as the "Foundation") of the Foundation to continue the Foundation's mission of annual grants to writers, composers and lyricists in musical theater to improve or enhance the grantee's literary, artistic, musical or similar capacity, skill and talent. The minimum funding for the establishment of the Fund was \$750,000. Until the Fund is fully funded, the Organization is to maintain a minimum \$37,500 annual expenditure for the grants program, increasing upon the Fund being fully funded is at the Organization's discretion. The Fund was fully funded during the year ended September 30, 2012. As the amount of the Fund increases over the minimum of \$750,000, the Foundation is responsible for the reimbursement of the shortfall amounts advanced by the Organization up to \$37,500 per year. During the year ended September 30, 2012, the shortfall amount of \$62,957 has been recorded in the accompanying financial statements and was collected in 2013. The income earned on the Fund is restricted to the purpose of the Fund.

AMERICAN THEATRE WING, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

Note 3 - Concentration of Credit Risk

The Organization maintains its cash and money market balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At September 30, 2013, the Organization's uninsured cash and money market balances totaled \$271,347.

Certain investment accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 per customer. The SIPC does not protect investors from market risk. At September 30, 2013, the Organization's investment balances exceed the SIPC limit by \$6,256,237. In addition, investment accounts held with Morgan Stanley are covered under an additional protection program. This coverage is subject to a firm wide cap of \$1 billion with no per-client limit for securities and a \$1.9 million per client limit for the cash portion of any remaining shortfall.

Note 4 - Cash, Cash Equivalents and Investmentsa) Fair Value of Financial Instruments

The fair value and carrying amount of the Organization's cash and short-term investments as of September 30, 2013 and 2012 was \$829,271 and \$1,305,927, respectively. Cash and short-term investments carrying amount approximates fair value because of the short maturities of those investments.

b) Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at September 30, 2013 and 2012 consist of common stocks, exchange-traded funds (ETFs), closed-ended funds (CEFs), corporate fixed income (corporate bonds) equity and fixed income mutual funds and other mutual funds. The fair value and quoted prices in active markets for identical assets (Level 1 for ETFs and CEFs, common stocks and mutual funds and Level 2 for corporate bonds) for investments as of September 30, 2013 and 2012 was \$6,550,246 and \$5,504,287, respectively. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments consist of the following as of September 30:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
ETFs and CEFs	\$ 2,233,839	\$ 2,393,134	\$ -	\$ -
Other mutual funds	2,050,000	2,202,433	423,903	482,830
Corporate bonds	1,367,176	1,268,307	-	-
Common stocks	646,449	686,372	-	-
Equity mutual funds	-	-	2,719,840	2,823,666
Fixed mutual funds	-	-	2,187,962	2,197,791
	<u>\$ 6,297,464</u>	<u>\$ 6,550,246</u>	<u>\$ 5,331,705</u>	<u>\$ 5,504,287</u>

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 4 - Cash, Cash Equivalents and Investments (continued)

b) Fair Values Measured on Recurring Basis (continued)

Investment income consists of the following for the years ended September 30:

	2013	2012
Realized gain on sale of investments	\$ 368,637	\$ 95,477
Interest and dividend income	104,062	97,129
Unrealized gain on investments	80,200	425,340
Investment fees	(17,289)	(9,969)
	<u>\$ 535,610</u>	<u>\$ 607,977</u>

Note 5 - Investment in TAP

In 1986, the Organization entered into a joint venture agreement with The League of American Theatres and Producers, Inc. (the "League") creating Tony Award Productions ("TAP") to administer, produce and present the American Theatre Wing TONY Awards (the "TONY Awards"). The joint venture agreement has been extended through October 15, 2014. The Organization and the League share income or losses from the joint venture. Investment in TAP is Level 2 within the fair value hierarchy.

Note 6 - Unconditional Promises to Give

When estimating fair value of unconditional promises to give, management considers the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. As of September 30, 2013 and 2012, all unconditional promises to give were due within one year. Uncollectible promises are expected to be insignificant.

Note 7 - Furniture and Equipment

Furniture and equipment consist of the following at September 30:

	<u>Life/Years</u>	2013	2012
Furniture and fixtures	5	\$ 57,299	\$ 57,299
Website	3	50,000	-
Software and computers	3	47,339	47,339
Equipment	3	28,334	28,334
		<u>182,972</u>	<u>132,972</u>
Less: accumulated depreciation		(126,229)	(112,745)
		<u>\$ 56,743</u>	<u>\$ 20,227</u>

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 7 - Furniture and Equipment (continued)

Depreciation expense for the years ended September 30, 2013 and 2012 was \$13,484.

Note 8 - Grants Payable

During the years ended September 30, 2013 and 2012, the Organization awarded grants to ten not-for-profit organizations whose primary activities center on the production of dramatic and/or musical theatre. All grants were subsequently paid.

Note 9 - Commitments and Contingencies

a) As stated in Note 5, the Organization is a member of TAP, a joint venture for which it is jointly and severally liable. Certain obligations of TAP in any given year are subject to the existence of a contract with a television network for the televising of the TONY Awards for such year. The television network agreement currently expires after the 2018 production of the TONY Awards. The television network has options for an additional five years.

b) The Organization leases office space under a non-cancelable operating lease. The lease currently expires on August 31, 2014. The Organization is in the process of searching for a new space. The lease provides for approximate future minimum annual rental payments of \$111,266 for the eleven months ending August 31, 2014.

The Organization reflects the variance between actual lease payments provided under the operating lease and the straight-line amortization of the lease for financial statement purposes. The net adjustment for the years ended September 30, 2013 and 2012 was \$6,964.

c) The Organization is obligated under an agreement with a key employee which provides for minimum annual payments of \$230,000 through the year ending June 30, 2014. The agreement provides for annual cost of living increases ranging from a minimum of 3% and maximum of 5%.

Note 10 - Donated Services

The Organization received donated professional fees during the years ended September 30, 2013 and 2012 in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements.

AMERICAN THEATRE WING, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Note 11 - Functional Allocation of Expenses

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

Note 12 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 27, 2014, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

To the Board of Directors of
American Theatre Wing, Inc.

We have audited the financial statements of American Theatre Wing, Inc. as of and for the years ended September 30, 2013 and 2012, and have issued our report thereon dated February 27, 2014, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended September 30, 2013 with comparative totals for 2012 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fried and Kowgios Partners CPA's LLP

New York, New York
February 27, 2014

AMERICAN THEATRE WING, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program Services	Supporting Services		2013	2012
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 443,590	\$ 122,834	\$ 94,992	\$ 661,416	\$ 461,102
Benefits	45,347	12,054	9,724	67,125	46,691
Payroll taxes	28,256	7,512	7,386	43,154	34,582
Consultants and other professional fees	900	40,659	180	41,739	177,372
Advertising, promotion and public relations	31,095	4,146	6,219	41,460	41,706
Springboard NYC program	55,080	-	-	55,080	122,718
Working in the Theatre program	128,287	-	-	128,287	119,535
Theatre Intern Group program	3,744	-	-	3,744	3,131
National Theatre Company Grant program	106,663	-	-	106,663	107,209
Downstage Center program	4,826	-	-	4,826	14,268
Larson grants and expenses	47,351	-	-	47,351	40,229
Tony Award expenses	1,044	-	-	1,044	-
Henry Hewes awards	184	-	-	184	3,500
Website project	11,068	-	-	11,068	26,376
Office rent, utilities and storage expenses	87,773	11,703	17,554	117,030	114,317
Computer equipment, repair and maintenance	5,305	707	1,061	7,073	3,327
Insurance	14,117	1,882	2,823	18,822	16,397
Indirect benefit expenses	-	-	27,457	27,457	26,611
Office administrative expenses	3,238	432	647	4,317	2,174
Office equipment	6,373	850	1,275	8,498	7,309
Meetings, travel and hospitality	14,816	1,976	2,963	19,755	14,270
Development and fundraising	-	-	44,191	44,191	49,301
Miscellaneous	3,095	413	618	4,126	5,425
Total expenses before depreciation	1,042,152	205,168	217,090	1,464,410	1,437,550
Depreciation	10,113	1,348	2,023	13,484	13,484
Total Expenses, 2013	<u>\$ 1,052,265</u>	<u>\$ 206,516</u>	<u>\$ 219,113</u>	<u>\$ 1,477,894</u>	
Total Expenses, 2012	<u>\$ 929,570</u>	<u>\$ 232,531</u>	<u>\$ 288,933</u>		<u>\$ 1,451,034</u>

See independent auditor's report on supplemental information.