PLAN-B Theatre Company

Financial Statements

And

Independent Auditor's Report

As of September 30, 2019
and for the year then ended
with summarized comparative information for September 30, 2018

Plan-B Theatre Company

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shaw & co.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Plan-B Theatre Company
Salt Lake City, Utah

Financial Statements

We have audited the accompanying financial statements of Plan-B Theatre Company (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 presents fairly, in all material respects, the financial position of Plan-B Theatre Company as of September 30, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As explained in Note 13 to the financial statements, in 2019, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended September 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Plan-B Theatre Company's September 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Shaw & Co., P.C.

Bountiful, Utah
February 25, 2020

Plan-B Theatre Company

Statement of Financial Position
September 30, 2019
With Comparative Totals For September 30, 2018

	09/30/2019	09/30/2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 116,764	$ 135,194
Accounts receivable, including promises to give	51,893	21,146
Prepaid expenses	9,409	24,603
Total current assets	178,066	180,943
Total assets	$ 178,066	$ 180,943
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued liabilities	8,513	4,824
Deferred ticket sales	17,910	15,106
Total current liabilities	26,423	19,930
Net assets		
Without donor restrictions		
Undesignated	89,668	90,238
Designated by the board of directors	34,009	38,824
With donor restrictions	27,966	31,951
Total net assets	151,643	161,013
Total liabilities and net assets	$ 178,066	$ 180,943

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Activities
Year Ended September 30, 2019
With Comparative Totals For The Year Ended September 30, 2018

	09/30/2019				
	Without Donor Restrictions				
	Undesignated	Board Designated	With Donor Restrictions	Total	09/30/2018
REVENUES AND SUPPORT					
Support					
Contributions	$ 77,407	$ 17,509	$ 17,590	$ 112,506	$ 129,387
Government grants	84,855	9,409	9,851	104,115	73,322
In-kind contributions	10,572	-	-	10,572	7,522
Net assets released from board designations	31,733	(31,733)	-	-	-
Net assets released from restrictions	31,426	-	(31,426)	-	-
Total support	235,993	(4,815)	(3,985)	227,193	210,231
Revenues					
Ticket sales	35,043	-	-	35,043	30,351
Fee-for-service	17,802	-	-	17,802	9,188
Merchandise sales	36	-	-	36	171
Interest	52	-	-	52	68
Total revenues	52,933	-	-	52,933	39,778
Total revenues and support	288,926	(4,815)	(3,985)	280,126	250,009
EXPENSES					
Program services	256,505	-	-	256,505	236,106
Management and general	26,872	-	-	26,872	26,771
Fundraising	6,119	-	-	6,119	5,421
Total expenses	289,496	-	-	289,496	268,298
Change in net assets	(570)	(4,815)	(3,985)	(9,370)	(18,289)
Net assets, beginning of year	90,238	38,824	31,951	161,013	179,302
Net assets, end of year	$ 89,668	$ 34,009	$ 27,966	$ 151,643	$ 161,013

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Functional Expenses
Year Ended September 30, 2019
With Comparative Totals For The Year Ended September 30, 2018

	09/30/2019				
	Program Services	Management and General	Fundraising	Total	09/30/2018 Total
Salaries and wages	$ 164,124	$ 5,228	$ 4,812	$ 174,164	$ 172,978
Payroll taxes	15,810	528	486	16,824	17,029
Actors' Equity benefits	3,024	102	92	3,218	1,982
Total salaries and related expenses	182,958	5,858	5,390	194,206	191,989
Contract labor	15,594	-	-	15,594	15,300
Production supplies	15,113	-	-	15,113	14,087
Advertising	13,793	-	275	14,068	6,908
Professional fees	59	9,687	-	9,746	6,816
Rent	6,080	2,775	89	8,944	8,200
Communications	6,583	220	202	7,005	5,925
Printing and postage	5,194	169	125	5,488	4,874
Box office fees	1,671	1,237	13	2,921	2,882
Licenses and fees	2,304	384	-	2,688	1,032
Travel	2,594	-	-	2,594	517
Office supplies	52	2,490	25	2,567	1,242
Parking	70	2,078	-	2,148	4,911
Royalties	2,125	-	-	2,125	1,000
Miscellaneous	832	779	-	1,611	718
Insurance	-	1,195	-	1,195	500
Meals	785	-	-	785	1,397
Training	698	-	-	698	-
Total expenses	$ 256,505	$ 26,872	$ 6,119	$ 289,496	$ 268,298

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Cash Flows
Year Ended September 30, 2019
With Comparative Totals For The Year Ended September 30, 2018

	09/30/2019	09/30/2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (9,370)	$ (18,289)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in current assets and liabilities:		
Accounts receivable, including promises to give	(30,747)	(2,362)
Prepaid expenses	15,194	(12,642)
Accrued liabilities	3,689	(2,441)
Deferred ticket sales	2,804	2,683
Net cash used in operating activities	(18,430)	(33,051)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net change in cash	(18,430)	(33,051)
Cash and cash equivalents, beginning of year	135,194	168,245
Cash and cash equivalents, end of year	$ 116,764	$ 135,194
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

1. ORGANIZATION BASIS OF PRESENTATION

Plan-B Theatre Company (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on April 28, 1995. The mission of the Organization is to develop and produce unique and socially conscious theatre. The Organization is the only professional theatre company in the United States producing full seasons of new work by local playwrights.

The Organization's primary sources of revenue are contributions, government grants, ticket sales, and fee-for-service revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management's Review

Subsequent events were evaluated through February 25, 2020 which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Cash Equivalents

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

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At September 30, 2019, cash in bank deposit accounts did not exceed the FDIC insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Support received from Agency A represented approximately 14% of the Organization's total revenue and support for the year ended September 30, 2019. At September 30, 2019, amounts due from Agencies B, C, and D represented approximately 51%, 23% and 19%, respectively, of the Organization's total accounts receivable, including promises to give.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus, the Organization does not accrue finance or interest charges.

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for uncollectible promises has not been established at September 30, 2019 because management believes that all promises to give will be fully collectible.

Deferred Ticket Sales

Deferred ticket sales consist of prepaid ticket sales for the next performance season.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

a) *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

b) *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service.

In-kind contributions received during the year ended September 30, 2019 consisted of the following:

Donated goods	
Advertising	$ 8,040
Office supplies	906
Communications	768
Information technology	480
Production supplies	378
	$ 10,572

In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Program Service Revenue

Program service revenue consists of ticket sales, fee-for-service contracts, and other revenues. Program service revenue is recognized when services or goods are provided.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the year ended September 30, 2019 was $14,068, of which $10,040 was donated.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended September 30, 2019.

The Organization's Forms 990 for the years ending September 30, 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and employee benefits, which are allocated on the basis of estimated time and effort.

Compensated Absences

Employees of the Organization are entitled to paid vacation depending on length of service and other factors.

Estimates in the Financial Statements

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 disclosure of contingent assets and liabilities as of 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.

Reclassifications

Certain items from the September 30, 2018 financial statements have been reclassified to conform to the September 30, 2019 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	$ 116,764
Accounts receivable, including promises to give	51,893
Current financial assets, at year-end	168,657
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	(11,651)
Financial assets available to meet cash needs for general expenditure within one year	$ 157,006

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has credit cards with an aggregate credit limit of $35,000, which it could draw upon.

4. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable, including promises to give, consisted of the following at September 30, 2019:

Promises to give	
Government agencies	$ 12,125
Individuals	1,685
Accounts receivable	
Government agencies	36,440
Related party	16
Other	1,627
	$ 51,893

Accounts receivable, including promises to give, are expected to be received in full within the next year. Therefore, management has determined that no allowance for doubtful accounts is necessary.

5. PREPAID EXPENSES

At September 30, 2019September 30, 2019, the Organization had incurred $9,409 of expenses related to ticketed productions which will be performed in a future season.

6. DEFERRED TICKET SALES

At September 30, 2019, the Organization had advance ticket sales for its 2019/2020 season of $17,910. Deferred ticket sales are recognized as productions are performed, as described in Note 2. Deferred ticket sales are available for refund if the productions for which the tickets were purchased are not performed.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2019:

Subject to expenditure for specified purpose:	
2019/2020 production – *The Audacity*	$ 5,000
Professional development	1,851
Promises to give, the proceeds from which have been restricted by donors for Arts programing	4,800
Total subject to expenditure for specified purpose	11,651
Subject to the passage of time:	
2019/2020 season	11,430
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	4,885
Total subject to passage of time	16,315
Total net assets with donor restrictions	$ 27,966

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors were as follows for the year ended September 30, 2019:

Satisfaction of purpose restrictions:	
2018/2019 production – *Zombie Thoughts*	$ 5,000
2018/2019 production – *An Evening With Two Awful Men*	5,000
2018/2019 advertising	2,000
Arts programing	5,000
Expiration of time restrictions:	14,426
Total net assets released from donor restrictions	$ 31,426

8. NET ASSETS WITHOUT DONOR RESTRICTIONS, DESIGNATED BY THE BOARD

Net assets without donor restrictions that have been designated by the board consisted of the following at September 30, 2019:

Subject to the passage of time:	
2019/2020 season	$ 34,009*
Total net assets without donor restrictions, designated by the board	$ 34,009

Net assets were released from board designations by incurring expenses satisfying the designated purpose or by the occurrence of the passage of time or other events specified by the board were as follows for the year ended September 30, 2019:

Expiration of time restrictions:	31,733
Total net assets released from donor restrictions	$ 31,733

*Utah Division of Arts and Museums awarded the Organization $15,000, on a cost-reimbursement basis, to be used in producing the 2019/2020 season. During the year ending September 30, 2019, the Utah Division of Arts and Museums paid the entire $15,000 as an advance to the Organization. As of September 30, 2019, $9,409 had been spent and is both included in prepaid expenses on the statement of financial position and recognized as government grants revenue in the statement of activity. In addition, $9,409 has been designated by the board for use in the 2019/2020 season and is included in net assets without donor restrictions, designated by the board in the statement of financial position. The remaining $5,591 is included in deferred revenue on the statement of financial position.

9. ROYALTIES

During the year ended September 30, 2019, the Organization paid royalties of $7,825 through payroll and those costs are included in the "Salaries and wages" line item on the statement of functional expenses. The Organization also paid royalties of $2,125 on a contract basis and those costs are included in the "Royalties" line item on the statement of functional expenses.

10. OPERATING LEASES

The Organization entered into an operating lease arrangement for the use of office and storage space that expires in August 2021. The office and storage lease requires minimum monthly payments of $151. The lease also specifies the terms under which the Organization may lease shared spaces within the facility, such as performance and rehearsal halls. Use of shared spaces is billed on a monthly basis as it occurs.

The future minimum payments required under these lease obligations are as follows:

For the year ended September 30,	
2020	$ 1,876
2021	1,766
Thereafter	-
	$ 3,642

Rent expense for the year ended September 30, 2019 was $8,944.

11. COMMITMENTS AND CONTINGENCIES

The Organization participates in various government-assisted programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable government regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

12. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial statements for the year ended September 30, 2018 are presented for comparative purposes only. The notes presented herein contain information relating to September 30, 2019 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018 from which the summarized information was derived.

13. ADOPTION OF NEW ACCOUNTING PRONOUNCMENT

For the year ended September 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include:

a) Presentation of two classes of net assets, versus the previously required three
b) Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service
c) Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses