

PLAN-B THEATRE

Financial Statements

And

Independent Auditor's Report

**As of September 30, 2021
and for the period from October 1, 2019 through June 30, 2020**

Plan-B Theatre Company

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
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 June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the period from October 1, 2019 through June 30, 2021, 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, 2021, 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.

Bountiful Peak Advisors

Bountiful, Utah
December 10, 2021

Plan-B Theatre Company

Statement of Financial Position

June 30, 2021

ASSETS

Current assets

| | |
|---|--------------|
| Cash and cash equivalents | \$ 177,084 |
| Accounts receivable, including promises to give | 21,350 |
| Prepaid expenses | <u>2,524</u> |

Total current assets 200,958

Total assets \$ 200,958

LIABILITIES AND NET ASSETS

Current liabilities

| | |
|---------------------|---------------|
| Accounts payable | \$ 2,077 |
| Accrued liabilities | <u>14,274</u> |

Total current liabilities 16,351

Net assets

| | |
|-------------------------------------|--------------|
| Without donor restrictions | |
| Undesignated | 81,639 |
| Designated by the board of trustees | 95,300 |
| With donor restrictions | <u>7,668</u> |

Total net assets 184,607

Total liabilities and net assets \$ 200,958

See accompanying notes to financial statements.

Plan-B Theatre Company
Statement of Activities
Period from October 1, 2019 through June 30, 2021

| | Without Donor Restrictions | | With Donor Restrictions | Total |
|--|----------------------------|---------------------|----------------------------|------------|
| | Undesignated | Board Designated | | |
| REVENUES AND SUPPORT | | | | |
| Support | | | | |
| Contributions | \$ 152,853 | \$ 55,200 | \$ 7,668 | \$ 215,721 |
| Government grants | 327,792 | 40,100 | - | 367,892 |
| In-kind contributions | 14,906 | - | - | 14,906 |
| Net assets released from board designations | 34,009 | (34,009) | - | - |
| Net assets released from restrictions | 27,966 | - | (27,966) | - |
| Total support | 557,526 | 61,291 | (20,298) | 598,519 |
| Revenues | | | | |
| Ticket sales | 39,831 | - | - | 39,831 |
| Fee-for-service | 12,450 | - | - | 12,450 |
| Merchandise sales | 632 | - | - | 632 |
| Interest | 22 | - | - | 22 |
| Total revenues | 52,935 | - | - | 52,935 |
| Total revenues and support | 610,461 | 61,291 | (20,298) | 651,454 |
| EXPENSES | | | | |
| Program services | 563,745 | - | - | 563,745 |
| Management and general | 41,620 | - | - | 41,620 |
| Fundraising | 13,125 | - | - | 13,125 |
| Total expenses | 618,490 | - | - | 618,490 |
| Change in net assets | (8,029) | 61,291 | (20,298) | 32,964 |
| Net assets, beginning of period | 89,668 | 34,009 | 27,966 | 151,643 |
| Net assets, end of period | \$ 81,639 | \$ 95,300 | \$ 7,668 | \$ 184,607 |

See accompanying notes to financial statements.

Plan-B Theatre Company
Statement of Functional Expenses
Period from October 1, 2019 through June 30, 2021

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---|-----------------------------|-----------------------------------|----------------------|-----------------------|
| Salaries and wages | \$ 378,651 | \$ 12,137 | \$ 11,171 | \$ 401,959 |
| Payroll taxes | 35,946 | 1,201 | 1,106 | 38,253 |
| Employee benefits | 9,208 | 341 | 251 | 9,800 |
| Actors' Equity benefits | <u>4,298</u> | <u>-</u> | <u>-</u> | <u>4,298</u> |
| Total salaries and related expenses | 428,103 | 13,679 | 12,528 | 454,310 |
| Contract labor | 41,273 | - | - | 41,273 |
| Production supplies | 26,198 | - | - | 26,198 |
| Advertising | 16,048 | 2,006 | - | 18,054 |
| Professional fees | 4,300 | 10,608 | - | 14,908 |
| Communications | 13,445 | 449 | 413 | 14,307 |
| Printing and postage | 9,333 | 753 | 47 | 10,133 |
| Rent | 6,239 | 2,053 | 76 | 8,368 |
| Travel | 5,781 | - | - | 5,781 |
| Box office fees | 1,146 | 3,291 | 28 | 4,465 |
| Filming and editing | 3,600 | - | - | 3,600 |
| Office supplies | - | 3,248 | 33 | 3,281 |
| Royalties | 3,275 | - | - | 3,275 |
| Licenses and fees | 1,136 | 1,649 | - | 2,785 |
| Insurance | - | 2,621 | - | 2,621 |
| Miscellaneous | 2,007 | 441 | - | 2,448 |
| Training | 1,040 | - | - | 1,040 |
| Parking | 333 | 661 | - | 994 |
| Meals | <u>488</u> | <u>161</u> | <u>-</u> | <u>649</u> |
| Total expenses | <u>\$ 563,745</u> | <u>\$ 41,620</u> | <u>\$ 13,125</u> | <u>\$ 618,490</u> |

See accompanying notes to financial statements.

Plan-B Theatre Company
Statement of Cash Flows
Period from October 1, 2019 through June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|-----------------|
| Change in net assets | \$ | 32,964 |
| 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 | | 30,543 |
| Prepaid expenses | | 6,885 |
| Accounts payable | | 2,077 |
| Accrued liabilities | | 5,761 |
| Deferred ticket sales | | <u>(17,910)</u> |
| Net cash used in operating activities | | <u>60,320</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

| | | |
|--|----|-----------------------|
| Net change in cash | | 60,320 |
| Cash and cash equivalents, beginning of period | | <u>116,764</u> |
| Cash and cash equivalents, end of period | \$ | <u><u>177,084</u></u> |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | |
|----------------------------|----|-----------------|
| Cash paid for interest | \$ | <u>-</u> |
| Cash paid for income taxes | \$ | <u><u>-</u></u> |

See accompanying notes to financial statements.

Plan-B Theatre Company

Notes to Financial Statements

June 30, 2021

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.

The Organization changed its fiscal year end from September 30th to June 30th. Thus, the audit encompasses the period from October 1, 2019 through June 30, 2021.

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 December 10, 2021, 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.

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.

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 June 30, 2021, 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, Agency B, and Agency C represented approximately 19%, 14%, and 10%, respectively, of the Organization’s total revenue and support for the period from October 1, 2019 through June 30, 2021. At June 30, 2021, amounts due from Agency A represented approximately 59% 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 June 30, 2021 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.

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.

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 period from October 1, 2019 through June 30, 2021 consisted of the following:

| | |
|------------------------|------------------|
| Donated goods | |
| Advertising | \$ 12,920 |
| Information technology | 1,792 |
| Production supplies | <u>194</u> |
| | <u>\$ 14,906</u> |

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.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the period from October 1, 2019 through June 30, 2021 was \$18,054, of which \$12,920 was donated.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 509(a)(2), and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization had no unrelated business income for the year ended June 30, 2021. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2018.

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.

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 | \$ 177,084 |
| Accounts receivable, including promises to give | <u>21,350</u> |
| Current financial assets, at year-end | 198,434 |
| Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions | <u>-</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 198,434</u> |

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 June 30, 2021:

| | |
|---------------------|------------------|
| Promises to give | |
| Government agencies | \$ 12,125 |
| Individuals | 1,685 |
| Accounts receivable | |
| Government agencies | 36,440 |
| Related party | 16 |
| Other | <u>1,627</u> |
| | <u>\$ 51,893</u> |

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 June 30, 2021, the Organization had incurred \$2,524 of expenses related to ticketed productions which will be performed in a future season.

6. DEFERRED TICKET SALES

On June 30, 2021, the Organization had advance ticket sales for its 2021/2022 season of \$0. 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 June 30, 2021:

| | | |
|--|----|---------------------|
| Subject to the passage of time: | | |
| 2021/2022 season | \$ | 1,168 |
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | | <u>6,500</u> |
| Total subject to passage of time | | <u>7,668</u> |
| Total net assets with donor restrictions | \$ | <u><u>7,668</u></u> |

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 period from October 1, 2019 through June 30, 2021:

| | | |
|---|----|----------------------|
| Satisfaction of purpose restrictions: | | |
| 2019/2020 season | \$ | 16,430 |
| Professional development | | 1,851 |
| Expiration of time restrictions: | | <u>9,685</u> |
| Total net assets released from donor restrictions | \$ | <u><u>27,966</u></u> |

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 June 30, 2021:

| | | |
|---|----|----------------------|
| Subject to the passage of time: | | |
| 2021/2022 season | \$ | <u>95,300</u> |
| Total net assets without donor restrictions, designated by the board | \$ | <u><u>95,300</u></u> |

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 period from October 1, 2019 through June 30, 2021:

| | | |
|---|----|----------------------|
| Expiration of time restrictions: | | <u>34,009</u> |
| Total net assets released from donor restrictions | \$ | <u><u>34,009</u></u> |

9. ROYALTIES

During the period from October 1, 2019 through June 30, 2021, the Organization paid royalties of \$20,125 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 \$3,275 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 2024. The office and storage lease requires minimum monthly payments of \$161. 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:

| | |
|------------------------------------|-----------------|
| <u>For the year ended June 30,</u> | |
| 2022 | \$ 1,975 |
| 2023 | 2,035 |
| 2024 | 2,095 |
| 2025 | 351 |
| Thereafter | <u>-</u> |
| | <u>\$ 6,456</u> |

Rent expense for the period from October 1, 2019 through June 30, 2021 was \$8,368.

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.