

PLAN-B **THEATRE**

Financial Statements

And

Independent Auditor's Report

**As of June 30, 2023
and for the year then ended**

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

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plan-B Theatre Company as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Plan-B Theatre Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Plan-B Theatre Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan-B Theatre Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Plan-B Theatre Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bountiful Peak Advisors

Bountiful, Utah
December 11, 2023

Plan-B Theatre Company

Statement of Financial Position

June 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 100,191
Accounts receivable, including promises to give	10,361
Prepaid expenses	1,104
Actors Equity bonds	<u>2,420</u>

Total current assets 114,076

Right to use asset 2,254

Total assets \$ 116,330

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 1,830
Accrued liabilities	6,700
Deferred ticket sales	3,300
Current portion lease liability	<u>2,053</u>

Total current liabilities 13,883

Lease liability, net current portion 363

Total liabilities 14,246

Net assets

Without donor restrictions	
Undesignated	81,976
Designated by the board of trustees	4,167
With donor restrictions	<u>15,941</u>

Total net assets 102,084

Total liabilities and net assets \$ 116,330

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Activities

For The Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>			
	<u>Undesignated</u>	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT				
Support				
Contributions	\$ 108,752	\$ 4,167	\$ 15,941	\$ 128,860
Government grants	261,091	-	-	261,091
In-kind contributions	9,992	-	-	9,992
Net assets released from board designations	11,841	(11,841)	-	-
Net assets released from restrictions	<u>25,500</u>	<u>-</u>	<u>(25,500)</u>	<u>-</u>
Total support	<u>417,176</u>	<u>(7,674)</u>	<u>(9,559)</u>	<u>399,943</u>
Revenues				
Ticket sales	18,866	-	-	18,866
Fee-for-service	15,565	-	-	15,565
Merchandise sales	4	-	-	4
Interest	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Total revenues	<u>34,453</u>	<u>-</u>	<u>-</u>	<u>34,453</u>
Total revenues and support	<u>451,629</u>	<u>(7,674)</u>	<u>(9,559)</u>	<u>434,396</u>
EXPENSES				
Program services	413,523	-	-	413,523
Management and general	28,501	-	-	28,501
Fundraising	<u>9,492</u>	<u>-</u>	<u>-</u>	<u>9,492</u>
Total expenses	<u>451,516</u>	<u>-</u>	<u>-</u>	<u>451,516</u>
Change in net assets	113	(7,674)	(9,559)	(17,120)
Net assets, beginning of period	<u>81,863</u>	<u>11,841</u>	<u>25,500</u>	<u>119,204</u>
Net assets, end of period	<u>\$ 81,976</u>	<u>\$ 4,167</u>	<u>\$ 15,941</u>	<u>\$ 102,084</u>

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Functional Expenses

For The Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 254,735	\$ 8,512	\$ 7,834	\$ 271,081
Payroll taxes	26,624	890	819	28,333
Employee benefits	6,657	222	205	7,084
Actors' Equity benefits	836	-	-	836
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	288,852	9,624	8,858	307,334
Production supplies	38,427	-	-	38,427
Travel	25,152	-	-	25,152
Contract labor	13,485	-	-	13,485
Professional fees	3,932	8,999	-	12,931
Rent	8,412	2,035	106	10,553
Communications	7,740	259	238	8,237
Advertising	7,271	-	-	7,271
Filming and editing	4,500	-	-	4,500
Printing and postage	3,867	197	41	4,105
Office supplies	-	3,801	38	3,839
Parking	3,689	71	2	3,762
Box office fees	3,385	-	34	3,419
Miscellaneous	2,039	846	-	2,885
Licenses and fees	1,749	1,015	-	2,764
Insurance	46	1,642	-	1,688
Meals	683	12	175	870
Royalties	225	-	-	225
Training	69	-	-	69
Grants	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 413,523</u>	<u>\$ 28,501</u>	<u>\$ 9,492</u>	<u>\$ 451,516</u>

See accompanying notes to financial statements.

Plan-B Theatre Company

Statement of Cash Flows

For The Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ (17,120)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Changes in current assets and liabilities:

Accounts receivable, including promises to give 29,098

Prepaid expenses (476)

Actors Equity bonds (105)

Right of use asset (2,254)

Accounts payable (1,522)

Accrued liabilities (31)

Deferred ticket sales 3,240

Lease liability 2,416

Net cash provided by operating activities 13,246

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

Net change in cash 13,246

Cash and cash equivalents, beginning of period 86,945

Cash and cash equivalents, end of period \$ 100,191

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest \$ -

Cash paid for income taxes \$ -

See accompanying notes to financial statements.

Plan-B Theatre Company

Notes to Financial Statements

June 30, 2023

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 December 11, 2023, 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, 2023, 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 24%, 16% and 12%, respectively, of the Organization's total revenue and support for the year ended June 30, 2023. At June 30, 2023.

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, 2023 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:

Notes (continued)

- 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 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 year ended June 30, 2023 was \$7,271, of which \$5,957 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, 2023. 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 2020.

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	\$ 100,191
Accounts receivable, including promises to give	<u>10,361</u>
Current financial assets, at year-end	110,552
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	<u>(15,941)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 94,611</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 \$32,500, 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, 2023:

Promises to give	
Government agencies	\$ 6,500
Individuals	366
Accounts receivable	
Government agencies	1,605
Sales tax receivable	<u>1,890</u>
	<u>\$ 10,361</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, 2023, the Organization had incurred \$1,104 of expenses related to ticketed productions which will be performed in a future season.

6. DEFERRED TICKET SALES

At June 30, 2023, the Organization had advance ticket sales for its 2023/2024 season of \$3,300. 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, 2023:

Subject to the passage of time:	
2023/2024 season	\$ 13,441
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>2,500</u>
Total subject to passage of time	<u>15,941</u>
Total net assets with donor restrictions	<u>\$ 15,941</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 year ended June 30, 2023:

Satisfaction of purpose restrictions:	
2022/2023 season	\$ 18,500
Expiration of time restrictions:	<u>7,000</u>
Total net assets released from donor restrictions	<u>\$ 25,500</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, 2023:

Subject to the passage of time: 2022/2023 season	<u>\$ 4,167</u>
Total net assets without donor restrictions, designated by the board	<u>\$ 4,167</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 year ended June 30, 2023:

Expiration of time designations:	<u>\$ 11,841</u>
Total net assets released from board designations	<u>\$ 11,841</u>

9. ROYALTIES

During the year ended June 30, 2023, the Organization paid royalties of \$11,150 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 \$225 on a contract basis and those costs are included in the “Royalties” line item on the statement of functional expenses.

10. IN-KIND CONTRIBUTIONS

In-kind contributions received during the year ended June 30, 2023 consisted of the following:

Donated goods	
Advertising	\$ 5,957
Payroll	3,600
Information technology	<u>435</u>
	<u>\$ 9,992</u>

11. 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 \$170. 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 following is supplemental information related to leases as of June 30, 2023:

Right of use assets	\$ 10,771
Less amortization	<u>(8,517)</u>
	<u>\$ 2,254</u>
Lease liabilities	<u>\$ 2,416</u>
Weighted average remaining lease term	1.09 years
Weighted average discount rate	2.86%

Lease maturity table:

<u>Year ending June 30,</u>	
2024	\$ 2,095
2025	351
2025	-
2026	-
2027	-
Thereafter	<u>-</u>
Total lease payments	<u>2,446</u>
Less present value discount	<u>(205)</u>
Total lease liability	<u>\$ 2,416</u>

Lease expense during the year ended June 30, 2023 consisted of the following:

Operating lease expense, included in the statement of activities in	
Occupancy	<u>\$ 10,553</u>

12. 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.

13. ADOPTION OF NEW ACCOUNTING STANDARDS

During the year ended June 30, 2023, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2016-02 *Leases*. This standard requires lessees to recognize certain leases on the statement of financial position as right of use assets and lease liabilities, based on the value of discounted future lease payments. It also requires enhanced disclosure surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization implemented this standard using the modified retrospective effective date method, with no adjustment to any prior year information presented in the financial statements. Upon adoption at July 1, 2022, the Organization recognized right of use assets of \$10,771 and lease liabilities of \$10,771 related to its operating leases. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.