

Old Town
Playhouse, Inc.



Years Ended
June 30, 2019
and 2018

Financial
Statements

OLD TOWN PLAYHOUSE, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

October 15, 2019

Board of Directors
Old Town Playhouse, Inc.
Traverse City, Michigan

We have reviewed the accompanying financial statements of the *Old Town Playhouse, Inc.* (the "Playhouse") (a Michigan not-for-profit organization) which comprise the statement of financial position as of June 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Playhouse management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to conform with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Independent Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to conform with accounting principles generally accepted in the United States of America.

Predecessor Accountant

The financial statements of ***Old Town Playhouse, Inc.*** for the year ended June 30, 2018 were reviewed by other accountants whose report dated December 10, 2018, stated that, based on their review, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rehmann Johnson LLC

OLD TOWN PLAYHOUSE, INC.

Statements of Financial Position

| | June 30 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| ASSETS | | |
| Assets | | |
| Cash | \$ 349,900 | \$ 273,747 |
| Certificates of deposit | 70,892 | 55,445 |
| Accounts receivable | 28,124 | 17,368 |
| Pledges receivable | 690 | 1,500 |
| Prepaid expenses | 19,164 | 39,583 |
| | 468,770 | 387,643 |
| Total current assets | | |
| Pledges receivable | 88,860 | - |
| Net property and equipment | 828,289 | 802,505 |
| | 828,289 | 802,505 |
| Total assets | \$ 1,385,919 | \$ 1,190,148 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 10,142 | \$ 27,746 |
| Deferred revenue | 29,347 | 81,505 |
| | 39,489 | 109,251 |
| Total liabilities | 39,489 | 109,251 |
| Net assets | | |
| Without donor restrictions | 1,346,430 | 1,070,897 |
| With donor restrictions | - | 10,000 |
| | 1,346,430 | 1,080,897 |
| Total net assets | 1,346,430 | 1,080,897 |
| Total liabilities and net assets | \$ 1,385,919 | \$ 1,190,148 |

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statements of Activities

| | Year Ended June 30, 2019 | | | Year Ended June 30, 2018 | | |
|---------------------------------------|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues and support | | | | | | |
| Admissions | \$ 475,934 | \$ - | \$ 475,934 | \$ 391,939 | \$ - | \$ 391,939 |
| Contributions and grants | 351,747 | - | 351,747 | 218,688 | 10,000 | 228,688 |
| Classes and workshops | 94,982 | - | 94,982 | 85,481 | - | 85,481 |
| Special events | 159,653 | - | 159,653 | 154,530 | - | 154,530 |
| Other | 27,186 | - | 27,186 | 36,652 | - | 36,652 |
| Program advertising | 58,346 | - | 58,346 | 70,889 | - | 70,889 |
| Concessions | 9,508 | - | 9,508 | 12,722 | - | 12,722 |
| Rental income | 14,085 | - | 14,085 | 16,173 | - | 16,173 |
| Interest earnings | 1,228 | - | 1,228 | 333 | - | 333 |
| Donated materials and supplies | 8,350 | 22,370 | 30,720 | 13,649 | - | 13,649 |
| Net assets released from restrictions | 32,370 | (32,370) | - | - | - | - |
| Total revenues and support | 1,233,389 | (10,000) | 1,223,389 | 1,001,056 | 10,000 | 1,011,056 |
| Expenses | | | | | | |
| Program services | 729,667 | - | 729,667 | 673,176 | - | 673,176 |
| General and administrative | 101,595 | - | 101,595 | 68,959 | - | 68,959 |
| Fundraising | 126,594 | - | 126,594 | 136,956 | - | 136,956 |
| Total expenses | 957,856 | - | 957,856 | 879,091 | - | 879,091 |
| Change in net assets | 275,533 | (10,000) | 265,533 | 121,965 | 10,000 | 131,965 |
| Net assets, beginning of year | 1,070,897 | 10,000 | 1,080,897 | 948,932 | - | 948,932 |
| Net assets, end of year | \$ 1,346,430 | \$ - | \$ 1,346,430 | \$ 1,070,897 | \$ 10,000 | \$ 1,080,897 |

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2019

| | Program Services | Supporting Services | | Total Supporting Services | Total Functional Expenses |
|---|-------------------|----------------------------|-------------------|---------------------------|---------------------------|
| | Production | General and Administrative | Fundraising | | |
| Salaries and fringe benefits | | | | | |
| Salaries and wages | \$ 227,056 | \$ 28,157 | \$ 33,058 | \$ 61,215 | \$ 288,271 |
| Payroll taxes | 17,296 | 2,973 | 1,764 | 4,737 | 22,033 |
| Benefits | 22,109 | 3,561 | 2,999 | 6,560 | 28,669 |
| Total salaries and fringe benefits | 266,461 | 34,691 | 37,821 | 72,512 | 338,973 |
| Program, performance, and education | 111,795 | - | 5,944 | 5,944 | 117,739 |
| Advertising | 91,474 | - | 5,245 | 5,245 | 96,719 |
| Depreciation | 55,628 | 17,400 | - | 17,400 | 73,028 |
| Supplies | 16,733 | 4,131 | 39,976 | 44,107 | 60,840 |
| Ticket fees | 34,558 | - | - | - | 34,558 |
| Subsidizing | 32,961 | - | - | - | 32,961 |
| Printing and copying | 27,742 | - | 3,470 | 3,470 | 31,212 |
| Utilities | 17,871 | 4,705 | - | 4,705 | 22,576 |
| Facility and maintenance | 15,224 | 7,172 | - | 7,172 | 22,396 |
| Donated materials and supplies | - | - | 21,075 | 21,075 | 21,075 |
| Rent, parking and other occupancy | 16,860 | - | 3,680 | 3,680 | 20,540 |
| Independent contractors | 11,986 | 659 | 7,135 | 7,794 | 19,780 |
| Professional fees | - | 17,760 | - | 17,760 | 17,760 |
| Insurance | 12,857 | 4,660 | - | 4,660 | 17,517 |
| Fees and service charges | 9,023 | 5,142 | 375 | 5,517 | 14,540 |
| Telephone and internet | 5,160 | 1,590 | - | 1,590 | 6,750 |
| Membership dues | 825 | 2,689 | 350 | 3,039 | 3,864 |
| Postage and shipping | 1,076 | 574 | 1,330 | 1,904 | 2,980 |
| Travel and entertainment | 465 | 120 | - | 120 | 585 |
| Uncollectible income | 770 | - | - | - | 770 |
| Vehicle expenses | 198 | - | - | - | 198 |
| Website design | - | 95 | - | 95 | 95 |
| Sales tax | - | - | 93 | 93 | 93 |
| Fundraising fees | - | - | 100 | 100 | 100 |
| Miscellaneous | - | 207 | - | 207 | 207 |
| Total expenses | \$ 729,667 | \$ 101,595 | \$ 126,594 | \$ 228,189 | \$ 957,856 |

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2018

| | Program Services | Supporting Services | | Total Supporting Services | Total Functional Expenses |
|---|-------------------|----------------------------|-------------------|---------------------------|---------------------------|
| | Production | General and Administrative | Fundraising | | |
| Salaries and fringe benefits | | | | | |
| Salaries and wages | \$ 202,342 | \$ 27,012 | \$ 45,000 | \$ 72,012 | \$ 274,354 |
| Payroll taxes | 15,480 | 2,066 | 3,442 | 5,508 | 20,988 |
| Benefits | 24,585 | 4,983 | 7,046 | 12,029 | 36,614 |
| Total salaries and fringe benefits | 242,407 | 34,061 | 55,488 | 89,549 | 331,956 |
| Advertising | 96,798 | - | 3,431 | 3,431 | 100,229 |
| Program, performance, and education | 83,511 | - | 5,393 | 5,393 | 88,904 |
| Depreciation | 64,383 | 3,050 | - | 3,050 | 67,433 |
| Supplies | 16,308 | 3,249 | 41,437 | 44,686 | 60,994 |
| Subsidizing | 32,512 | - | - | - | 32,512 |
| Ticket fees | 30,076 | - | 66 | 66 | 30,142 |
| Printing and copying | 21,346 | 152 | 4,971 | 5,123 | 26,469 |
| Utilities | 17,915 | 4,611 | - | 4,611 | 22,526 |
| Independent contractors | 8,457 | 113 | 12,950 | 13,063 | 21,520 |
| Insurance | 12,767 | 4,613 | - | 4,613 | 17,380 |
| Rent, parking and other occupancy | 11,892 | - | 2,600 | 2,600 | 14,492 |
| Facility and maintenance | 10,609 | 2,888 | - | 2,888 | 13,497 |
| Fees and service charges | 7,360 | 3,029 | 799 | 3,828 | 11,188 |
| Donated materials and supplies | 7,300 | - | 1,188 | 1,188 | 8,488 |
| Professional fees | - | 7,000 | - | 7,000 | 7,000 |
| Telephone and internet | 4,789 | 1,453 | - | 1,453 | 6,242 |
| Postage and shipping | 1,603 | 513 | 3,084 | 3,597 | 5,200 |
| SwingShift | - | - | 4,988 | 4,988 | 4,988 |
| Membership dues | - | 3,128 | 300 | 3,428 | 3,428 |
| Travel and entertainment | 2,324 | 591 | - | 591 | 2,915 |
| Uncollectible income | 640 | - | - | - | 640 |
| Website design | - | 255 | - | 255 | 255 |
| Vehicle expenses | 179 | 60 | - | 60 | 239 |
| Meetings and receptions | - | 193 | - | 193 | 193 |
| Fundraising fees | - | - | 150 | 150 | 150 |
| Sales tax | - | - | 111 | 111 | 111 |
| Total expenses | \$ 673,176 | \$ 68,959 | \$ 136,956 | \$ 205,915 | \$ 879,091 |

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Statements of Cash Flows

| | Year Ended June 30 | |
|--|--------------------------|--------------------------|
| | 2019 | 2018 |
| Cash flows from operating activities | | |
| Cash received from admissions | \$ 413,020 | \$ 445,409 |
| Cash received from contributions | 352,557 | 240,487 |
| Other cash receipts | 306,848 | 390,429 |
| Cash paid to employees | (338,994) | (331,956) |
| Cash paid to suppliers | (542,720) | (491,964) |
| | <u>190,711</u> | <u>252,405</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities | | |
| Purchase of certificates of deposit | (15,447) | (282) |
| Purchase of property and equipment | (99,111) | (8,955) |
| | <u>(114,558)</u> | <u>(9,237)</u> |
| Net cash used in investing activities | | |
| Net increase in cash and cash equivalents | 76,153 | 243,168 |
| Cash and cash equivalents, beginning of year | <u>273,747</u> | <u>30,579</u> |
| Cash and cash equivalents, end of year | <u>\$ 349,900</u> | <u>\$ 273,747</u> |

See accompanying notes, which are an integral part of these financial statements, and independent accountants' review report.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Concentration Risk

Old Town Playhouse, Inc. (the "Playhouse") is a nonprofit Playhouse established to receive and administer funds for the organization, construction, and maintenance of theatrical production. The mission of the Playhouse is to assist, encourage, promote and improve the cultural and literary development of the community by providing a means through which individuals in the Grand Traverse area may participate and obtain instruction in all aspects of the dramatic arts.

Approximately 50% and 59% of accounts receivables were due from one donor at June 30, 2019 and 2018, respectively. Approximately 10% and 8% of total revenues were from one and two donors during 2018 and 2017, respectively.

Basis of Reporting and Classification of Net Assets

To ensure observance of limitations and restrictions placed on the use of available resources, for internal accounting and stewardship purposes the accounts of the Playhouse are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and internal reporting into funds established according to their nature and purpose. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *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. 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, and are reported as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. See Note 6.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual amounts could differ from those estimates. Significant estimates include but are not limited to the useful lives of depreciable property and equipment.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Revenues and Support

Contributions, including unconditional promises to give in the future, are reported as revenue without donor restrictions when received unless use of the related assets is limited by donor-imposed restrictions. Unconditional promises to give in the future are recorded at the present value of estimated future cash flows using a risk-adjusted discount rate. When a restriction expires (e.g., the donor-stipulated purpose has been fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Revenues derived from admissions and concessions are generally recognized at the point of sale. Special events and classes and workshops related revenues are reported in the fiscal year the event or class is conducted.

Cash

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market funds with original maturities of less than three months. The Playhouse maintains its cash in bank deposit accounts at various financial institutions, which at times may exceed the federally insured limits. Management does not believe the Playhouse is exposed to any significant interest rate or other financial risks as a result of these deposits.

Certificates of Deposits and Fair Value Measurements

Certificates of deposit, comprised of readily marketable debt securities with original maturities of more than 90 days at the time of purchase, are carried at cost which approximates market. The Playhouse utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Playhouse has the ability to access.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy of each of the Playhouse's assets and liabilities is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All certificates of deposits are considered Level 1.

Accounts and Pledges Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts as a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off as a charge to the allowance and a credit to accounts receivable.

Pledges receivable are recorded at the amount that is expected to be collected within one year at net realizable value. Pledges receivable 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.

Net Property and Equipment

Property and equipment is stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Depreciation is computed using the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years.

Deferred Revenues

Deferred revenues result from the timing of grants received for next year's operations and advanced advertising revenues.

Donated Materials and Supplies

Donations of materials and supplies for use in operations are recorded as support at the fair market value at the date of donation. Such donations are reported as without donor restriction support unless the donor has restricted the donated goods to a specific purpose.

Income Taxes

The Playhouse is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Playhouse was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Playhouse has been classified as not a private foundation.

The Playhouse considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Playhouse determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Playhouse has evaluated fiscal years 2016 through 2019, the years which remain subject to examination by major tax jurisdictions as of June 30, 2019, for uncertain tax positions. The Playhouse concluded that there are no significant uncertain tax positions requiring recognition in the Playhouse's financial statements. The Playhouse does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Playhouse does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2019 or 2018, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Advertising

The costs of advertising and promotion are expensed as they are incurred. Advertising and promotional material costs were \$96,719 and \$100,229 for the years ended June 30, 2019 and 2018, respectively.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification or space utilized, whichever is more appropriate.

Change in Accounting Principle

As of July 1, 2017, the Playhouse adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2019, the most recent statement of financial position presented herein, through October 15, 2019, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

| | | |
|---------------------------|-----------|------------------------------|
| Cash and cash equivalents | \$ | 349,900 |
| Certificate of deposit | | 70,892 |
| Accounts receivable | | 28,124 |
| Pledges receivable | | 690 |
| | | <hr/> |
| Total | \$ | <u><u>449,606</u></u> |

As part of the Playhouse's liquidity management plan, the Playhouse invests cash in excess of daily requirements in certificates of deposit and money market funds.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

3. PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give toward operating activities and are discounted using a 3% rate. Pledges receivable are expected to be collected as follows at June 30:

| | 2019 | 2018 |
|-----------------------------|------------------|-----------------|
| Less than one year | \$ 690 | \$ 1,500 |
| One to five years | 100,000 | - |
| Less present value discount | (11,140) | - |
| | <u>\$ 89,550</u> | <u>\$ 1,500</u> |

4. NET PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

| | 2019 | 2018 |
|-------------------------------------|--------------------------|--------------------------|
| Property and equipment | | |
| Land | \$ 20,000 | \$ 20,000 |
| Buildings and building improvements | 1,380,035 | 1,251,333 |
| Theatrical equipment | 225,040 | 263,225 |
| Office equipment | 47,549 | 47,549 |
| Parking lot | 24,120 | 24,120 |
| Vehicle | 13,900 | 13,900 |
| Total | <u>1,710,644</u> | <u>1,620,127</u> |
| Less accumulated depreciation | <u>882,355</u> | <u>817,622</u> |
| Net property and equipment | <u><u>\$ 828,289</u></u> | <u><u>\$ 802,505</u></u> |

Depreciation expense was \$73,007 and \$67,433 for 2019 and 2018, respectively.

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

5. DEFERRED REVENUES

Deferred revenues consist of the following at June 30:

| | 2019 | 2018 |
|--------------------------------|-------------------------|-------------------------|
| In-kind trades | \$ 3,004 | \$ 8,783 |
| Advanced advertising revenues | 12,150 | 9,129 |
| Grants | 14,193 | 63,593 |
| Total deferred revenues | <u>\$ 29,347</u> | <u>\$ 81,505</u> |

6. NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restrictions as of June 30, 2019. Net assets with donor restrictions consisted of \$10,000 for building renovations as of June 30, 2018.

7. SPECIAL EVENTS

The Playhouse conducts the Black and White Gala, a fundraising event, each year. In the year ended June 30, 2018 the Playhouse also included special performances as a form of fundraising. A summary of the events is as follows for the years ended June 30:

| 2019 | Black and White Gala | SwingShift | Other | Total |
|----------------------------|-------------------------|-------------------------|----------------------|-------------------------|
| Gross proceeds | \$ 159,653 | \$ - | \$ - | \$ 159,653 |
| In-kind contributions | 21,075 | - | - | 21,075 |
| Less direct expenses | (80,800) | - | - | (80,800) |
| Special events, net | <u>\$ 99,928</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 99,928</u> |
| 2018 | Black and White Gala | SwingShift | Other | Total |
| Gross proceeds | \$ 136,278 | \$ 17,632 | \$ 620 | \$ 154,530 |
| Less direct expenses | 66,343 | 7,208 | - | 73,551 |
| Special events, net | <u>\$ 69,935</u> | <u>\$ 10,424</u> | <u>\$ 620</u> | <u>\$ 80,979</u> |

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

8. CONTRIBUTED SERVICES

A number of unpaid volunteers have made significant contributions of their time in the Playhouse's performances and other activities. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

9. RELATED PARTY TRANSACTIONS

A board member of the Playhouse has committed to donating funds through the annual fundraising event. Included in receivables at June 30, 2019 is \$5,100, from this Board member. There were no receivables from the Board member as of June 30, 2018. Two board members donated \$39,229 and one board member donated \$43,250 during the years ended June 30, 2019, and 2018, respectively.

10. SUBSIDIZING EXPENSES

Each of the Worthington Family Foundation grant awards allows for spending over a three-year period, and requires the related expenses to be recorded as subsidizing. The subsidizing expenses are further allocated as follows for the years ended June 30:

| | 2019 | 2018 |
|---------------|------------------|------------------|
| Advertising | \$ 14,542 | \$ 14,391 |
| Instructors | 8,570 | 5,250 |
| Scholarships | 2,890 | 2,900 |
| Tickets | 6,014 | 4,917 |
| Miscellaneous | 945 | 4,784 |
| | <u>\$ 32,961</u> | <u>\$ 32,242</u> |

OLD TOWN PLAYHOUSE, INC.

Notes to Financial Statements

11. ENDOWMENT FUNDS HELD WITH GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION

Through its fundraising projects, the Playhouse accepts donations directly or encourages donors to contribute to the Old Town Playhouse Endowment Fund, maintained by the Grand Traverse Regional Community Foundation. The Playhouse is named beneficiary of all these endowment funds. Summary financial information of the endowment fund follows:

| | Endowment Corpus | Spendable Reserve | Total |
|---|--------------------------|---------------------------|--------------------------|
| Beginning net assets, July 1, 2017 | \$ 473,640 | \$ (21,885) | \$ 451,755 |
| Contributions | 250 | - | 250 |
| Investment gains, net of fees | - | 26,309 | 26,309 |
| Grants payable reserve | - | (17,610) | (17,610) |
| Ending net assets, June 30, 2018 | 473,890 | (13,186) | 460,704 |
| Contributions | 650 | - | 650 |
| Investment gains, net of fees | - | 17,716 | 17,716 |
| Grants payable reserve | - | (17,906) | (17,906) |
| Ending net assets, June 30, 2019 | <u>\$ 474,540</u> | <u>\$ (13,376)</u> | <u>\$ 461,164</u> |

Distributions to the Playhouse from the endowment funds are reported in the Statement of Activities as grants and contributions. These assets are reported exclusively on the books of the Grand Traverse Regional Community Foundation.

