

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2016**  
**(With Summarized Comparative Information for 2015)**

# PHILADELPHIA YOUNG PLAYWRIGHTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Philadelphia Young Playwrights**

We have audited the accompanying financial statements of Philadelphia Young Playwrights (a nonprofit organization) which comprise the statement of financial position as of August 31, 2016, and the related statements of activities and changes in net assets, 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.

### ***Auditors' 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 from 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 auditors' 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 present fairly, in all material respects, the financial position of Philadelphia Young Playwrights as of August 31, 2016, 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.

### ***Report on Summarized Comparative Information***

We have previously audited Philadelphia Young Playwrights' 2015 financial statements, and we expressed an unmodified auditors' opinion on those audited financial statements in our report dated March 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, is consistent, in all material respects with the audited financial statements from which it has been derived.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements.

*Marcum LLP*

Philadelphia, PA  
January 19, 2017

# PHILADELPHIA YOUNG PLAYWRIGHTS

## STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2016 AND 2015

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 38,849	\$ 3,725
Accounts receivable	18,693	13,924
Unconditional promises to give, current portion	255,000	487,500
Prepaid expenses	2,102	4,702
Deposits	11,097	11,097
<b>Total Current Assets</b>	325,741	520,948
<b>Office Equipment and Leasehold Improvements, Net</b>	157,618	196,766
<b>Unconditional Promises to Give, Long-Term</b>	20,000	245,000
<b>Beneficial Interest in Community Foundation - Unrestricted</b>	10,739	48,902
<b>Beneficial Interest in Community Foundation - Restricted</b>	335,320	298,714
<b>Total Assets</b>	<u>\$ 849,418</u>	<u>\$ 1,310,330</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Line of credit	\$ 50,000	\$ 75,910
Accounts payable and accrued expenses	22,667	25,498
Deferred revenue	--	3,500
<b>Total Current Liabilities</b>	72,667	104,908
<b>Net Assets</b>		
Unrestricted	104,267	122,407
Temporarily restricted	379,435	814,966
Permanently restricted	293,049	268,049
<b>Total Net Assets</b>	776,751	1,205,422
<b>Total Liabilities and Net Assets</b>	<u>\$ 849,418</u>	<u>\$ 1,310,330</u>

*The accompanying notes are an integral part of these financial statements.*

# PHILADELPHIA YOUNG PLAYWRIGHTS

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2016

(With Summarized Comparative Information for 2015)

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Support</b>					
Contributions	\$ 314,053	\$ 46,500	\$ 25,000	\$ 385,553	\$ 575,047
Contracts	67,925	--	--	67,925	67,350
Grants	22,668	35,000	--	57,668	115,089
<b>Total Support</b>	404,646	81,500	25,000	511,146	757,486
<b>Revenue</b>					
Contract services	31,579	--	--	31,579	31,200
Special event and other	45,702	--	--	45,702	64,513
Investment income	398	--	--	398	579
Net assets released from restrictions	529,376	(529,376)	--	--	--
<b>Total Revenue</b>	607,055	(529,376)	--	77,679	96,292
<b>Total Support and Revenue</b>	1,011,701	(447,876)	25,000	588,825	853,778
<b>Expenses</b>					
Program services	829,430	--	--	829,430	831,983
Development	74,698	--	--	74,698	83,036
General and administrative	125,550	--	--	125,550	102,647
	1,029,678	--	--	1,029,678	1,017,666
<b>Change in Net Assets Before Other Charges</b>	(17,977)	(447,876)	25,000	(440,853)	(163,888)
<b>Other Charges</b>					
Realized and unrealized gain (loss) in the Beneficial Interest in Community Foundation	(163)	12,345	--	12,182	(8,734)
<b>Change in Net Assets</b>	(18,140)	(435,531)	25,000	(428,671)	(172,622)
<b>Net Assets - Beginning of year</b>	122,407	814,966	268,049	1,205,422	1,378,044
<b>Net Assets - End of year</b>	\$ 104,267	\$ 379,435	\$ 293,049	\$ 776,751	\$ 1,205,422

*The accompanying notes are an integral part of these financial statements.*

# PHILADELPHIA YOUNG PLAYWRIGHTS

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (428,671)	\$ (172,622)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,921	51,559
Realized and unrealized (gain) loss in the Beneficial Interest in Community Foundation	(12,182)	8,734
Changes in operating assets and liabilities:		
Accounts receivable	(4,769)	(12,424)
Unconditional promises to give	457,500	72,500
Prepaid expenses	2,600	9,344
Accounts payable and accrued expenses	(2,831)	6,629
Deferred revenue	(3,500)	(5,600)
<b>Net Cash Provided by (Used in) Operating Activities</b>	63,068	(41,880)
<b>Cash Flows from Investing Activities</b>		
Acquisition of office equipment and leasehold improvements	(15,773)	(231,363)
Purchase of investments	(35,000)	(25,000)
Sale of investments	48,739	119,218
<b>Net Cash Used in Investing Activities</b>	(2,034)	(137,145)
<b>Cash Flows Provided by Financing Activities</b>		
Net borrowings (repayments) on revolving line of credit	(25,910)	75,910
<b>Net Increase (Decrease) in Cash</b>	35,124	(103,115)
<b>Cash - Beginning of year</b>	3,725	106,840
<b>Cash - End of year</b>	\$ 38,849	\$ 3,725
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	\$ 2,309	\$ 211

*The accompanying notes are an integral part of these financial statements.*

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF OPERATIONS*

Philadelphia Young Playwrights (the "Organization") seeks to tap the potential of youth and inspire learning through playwriting. Young Playwrights' programs promote literacy, creativity, problem solving, self-esteem, theater skills and motivation for students with varying academic abilities in grades K-12 in an engaging and inspiring across-the-curriculum format. Young Playwrights also seeks to provide teachers with a fresh perspective on their teaching, and offers professional development opportunities for teachers to learn to incorporate arts education into the classroom and across curricula. Young Playwrights annually operates programs in as many as 50 Philadelphia and suburban public, private and parochial schools.

#### *BASIS OF PRESENTATION*

The Organization's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets result from contributions that are restricted by donor imposed stipulations that neither expire by the passage of time nor can be removed by the Board of Directors. The realized and unrealized gain (loss) from permanently restricted net assets is recorded in the statements of activities and changes in net assets as a change in temporarily restricted net assets. Temporarily restricted net assets include contributions which are restricted as to use by the donor. When a donor restriction expires, that is, when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statements of activities and changes in net assets. Unrestricted net assets include all other operating activities of the Organization.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CONTRIBUTIONS*

Contributions, including unconditional promises to give, are recognized in the period received. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending upon the nature of the restrictions. A donor restriction expires when a stipulated time restriction ends or purpose restriction is accomplished. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions and/or grants in the accompanying financial statements. Generally, restrictions on net assets are considered to have been met evenly over the grant period to approximate the period when services are provided.

#### *PROMISES TO GIVE*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recognized as assets and revenues in the period received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management provides an allowance for uncollectible promises to give based on its assessment of the current status of individuals' promises to give. When collection efforts have been exhausted, the accounts are written off. As of August 31, 2016 and 2015, no allowance was recorded.

#### *ACCOUNTS RECEIVABLE*

Accounts receivable represents amounts known to be collectible by management for services rendered. Management provides an allowance for uncollectible receivables based on its assessment of the current status of individual accounts. When all collection efforts have been exhausted, the accounts are written off. The Organization considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

***OFFICE EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET***

Office equipment and leasehold improvements are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (3-5 years). Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements (5 years). When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of activities and changes in net assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Minor equipment purchases are expensed in the period they are acquired.

***IN-KIND CONTRIBUTIONS AND DONATED SERVICES***

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

***USE OF ESTIMATES***

The presentation 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 at 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.

***FUNCTIONAL EXPENSES***

Expenses are charged to each program based on direct expenditures incurred. Expenditures not directly chargeable to programs are allocated to a program based primarily on related personnel time incurred.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INCOME TAXES*

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) except for income taxes pertaining to unrelated business income. There was no unrelated business income for fiscal years ended August 31, 2016 and 2015. Therefore, no provision for income taxes is reflected in these financial statements.

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. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist as of August 31, 2016.

#### *ADVERTISING COSTS*

Advertising costs are expensed as incurred. Advertising expense was approximately \$17,000 in 2016 and \$19,000 in 2015.

#### *PRIOR YEAR COMPARATIVE INFORMATION*

The financial statements include the statements of activities and changes in net assets which presents 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2015, from which the summarized information was derived.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 2 - CONCENTRATIONS

#### *CREDIT RISK*

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization has not experienced any losses in such accounts.

#### *SIGNIFICANT CONTRIBUTORS*

A significant portion of the Organization's support and revenue and unconditional promises to give are from a limited number of contributors. Revenue as a percentage of total net support and revenue and unconditional promises to give as a total of net unconditional promises to give were as follows for significant contributors at August 31, 2016 and 2015, and during the years then ended:

	<u>Contributions</u>		<u>Unconditional Promises to Give</u>	
	2016	2015	2016	2015
Contributor A	<10%	<10%	55%	55%
Contributor B	<10%	13%	<10%	14%
Contributor C	<10%	<10%	15%	<10%
Contributor D	<10%	<10%	13%	<10%
Contributor E	<10%	<10%	15%	<10%

### NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of August 31, 2016 and 2015 amounted to \$275,000 and \$732,500, respectively.

Unconditional promises to give will be received as follows:

<u>For the Years Ending August 31,</u>	<u>Amount</u>
2017	\$255,000
2018	10,000
2019	10,000
<b>Total</b>	<b>\$275,000</b>

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 4 - OFFICE EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

	2016	2015
Office equipment	\$108,227	\$106,633
Leasehold improvements	<u>171,182</u>	<u>162,050</u>
	279,409	268,683
Less: Accumulated depreciation and amortization	<u>121,791</u>	<u>71,917</u>
<b>Office Equipment and Leasehold Improvements, net</b>	<b><u>\$157,618</u></b>	<b><u>\$196,766</u></b>

Depreciation and amortization expense of furniture, equipment and leasehold improvements was \$54,921 and \$51,559 for the years ended August 31, 2016 and 2015, respectively.

### NOTE 5 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

During the year ended August 31, 2003, the Organization transferred donor-restricted funds of \$156,506 to the Philadelphia Foundation (the "Community Foundation") into two endowments. Under the terms of the endowment fund agreements, the Community Foundation will provide annually to the Organization, a return of 5% as long as the Community Foundation maintains its present 501(c)(3) status. Given the inability to compute the present value of the income stream, the beneficial interest has been recorded on the statements of financial position as permanently restricted support at the fair value of the Organization's proportionate share. As of August 31, 2016 and 2015, the value of the beneficial interest was \$335,320 and \$298,714, respectively. The realized and unrealized gain (loss) in the beneficial interest for the years ended August 31, 2016 and 2015 of \$12,345 and \$(8,197), respectively, is recorded in the statements of activities and changes in net assets as a change in temporarily restricted net assets. During the years ended August 31, 2016 and 2015, contributions were made to the endowment in the amount of \$25,000 for both years, and are recorded as permanently restricted in the statements of activities and changes in net assets.

As of August 31, 2016, \$10,000 of unconditional promise to give to be received in 2017 will be invested in the Community Foundation as required by the donor.

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

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**NOTE 5 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (CONTINUED)**

During the year ended August 31, 2005, the Organization transferred an additional \$134,000 to the Community Foundation as an unrestricted short-term investment. Given the inability to compute the present value of the income stream, the beneficial interest has been recorded on the statements of financial position at the fair value of the Organization's proportionate share. As of August 31, 2016 and 2015, the value of the beneficial interest was \$10,739 and \$48,902, respectively. The realized and unrealized loss in the beneficial interest for the years ended August 31, 2016 of \$(163) and 2015 of \$(537) is recorded in the statements of activities and changes in net assets as a change in unrestricted net assets. During the year ended August 31, 2016, distributions were made from the unrestricted short-term investment in the amount of \$38,000.

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The Organization identifies two kinds of inputs that are used to determine the fair value of assets and liabilities: observable and unobservable. Observable inputs are based on market data or independent sources while unobservable inputs are based on the Organization's own market assumptions. Once inputs have been characterized, the Organization requires entities to prioritize the inputs used to measure fair value into one of the three broad levels (provided in the table below).

The following table provides fair value measurement information for the Organization's major categories of financial assets measured on a recurring basis:

***Level 1 Fair Value Measurements***

Observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

***Level 2 Fair Value Measurements***

Observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

### NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

#### *Level 3 Fair Value Measurements*

Inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

#### **Fair Value Measurements at Reporting Date Using**

<b>Assets</b>	<u>Significant Unobservable Inputs (Level 3)</u>	
	<u>2016</u>	<u>2015</u>
Beneficial interest in community foundation - unrestricted	\$ 10,739	\$ 48,902
Beneficial interest in community foundation - permanently restricted	\$335,320	\$298,714

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

	<u>Beneficial Interest in Community Foundation – Unrestricted</u>	<u>Beneficial Interest in Community Foundation – Permanently Restricted</u>
<b>Balance – August 31, 2014</b>	\$ 159,871	\$ 290,697
Realized and Unrealized Loss	(537)	(8,197)
Receipts	--	25,000
Distributions	(110,432)	(8,786)
<b>Balance – August 31, 2015</b>	<u>48,902</u>	<u>298,714</u>
Realized and Unrealized (Loss) Gain	(163)	12,345
Receipts	--	35,000
Distributions	(38,000)	(10,739)
<b>Balance – August 31, 2016</b>	<u>\$ 10,739</u>	<u>\$ 335,320</u>

The realized and unrealized gains in the Beneficial Interest in Community Foundation are recorded as other charges in the statements of activities and changes in net assets.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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### NOTE 7 - RESTRICTED NET ASSETS

Permanently restricted net assets consist of an endowment fund held for investments in the Community Foundation (see Note 5). The principal of the restricted endowment is to be held in perpetuity. The investment income and unrealized gains and losses from the restricted endowment are classified as temporarily restricted net assets until it is used for its specific purpose. The income from the unrestricted endowment is to be expendable for general purposes.

Temporarily restricted net assets at August 31, 2016 and 2015 are donor restricted for use in future years or for certain art education and playwriting programs.

### NOTE 8 - COMMITMENTS

The Organization entered into an operating lease agreement in Philadelphia for office and studio space that commenced in August 2014 and expires in July 2019, with two year renewal options for a maximum of four additional years. The Organization's base rent will be reduced by approximately \$9,000 each year as a result of a contribution made by an unrelated organization to the lessor.

The Organization previously leased a Philadelphia office space under an operating lease agreement from an unrelated lessor, with average monthly payments of \$2,550. The lease expired on November 30, 2014 and was leased on a month-to-month basis by the Organization until renovations were completed in their new space.

The Organization also leases a copier from an unrelated lessor. The Organization had a five-year copier lease expiring in March 2017, with minimum monthly payments of \$316. In May 2016, the equipment was replaced and a new five-year lease was signed expiring in June 2021, with minimum monthly payments of \$298.

Rent expense for all operating leases was approximately \$64,000 and \$71,000 for the years ended August 31, 2016 and 2015, respectively.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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#### NOTE 8 - COMMITMENTS (CONTINUED)

Future minimum rentals for the above leases are approximately as follows:

For the Year Ending August 31,	Amount
2017	\$ 66,000
2018	67,000
2019	64,000
2020	3,500
2021	<u>2,400</u>
<b>Total</b>	<b><u>\$202,900</u></b>

#### NOTE 9 - LINE OF CREDIT

The Organization has a line of credit totaling \$100,000 under which the Organization may borrow at the bank's floating prime rate of interest plus 4.75% (effective interest rate of 5.25% as of August 31, 2016). The line of credit is collateralized by substantially all the assets of the Organization. The amounts outstanding under this line of credit were \$50,000 and \$75,910 at August 31, 2016 and 2015, respectively. The line of credit agreement was renewed on November 17, 2016 with a maturity date of October 29, 2017.

#### NOTE 10 - SUBSEQUENT EVENTS

Management evaluated subsequent events through January 19, 2017, the date the financial statements were available to be issued. Except as previously disclosed, no other events requiring recognition or disclosure in the financial statements have been identified.

# PHILADELPHIA YOUNG PLAYWRIGHTS

## SCHEDULES OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED AUGUST 31, 2016**  
**(With Summarized Comparative Information for 2015)**

	2016			2015	
Program Services	Development	General and Administrative	Totals	Totals	
Salaries	\$365,946	\$44,628	\$ 35,702	\$ 446,276	\$ 463,251
Payroll taxes and benefits	70,240	8,566	6,853	85,659	89,328
Independent contractors	131,500	--	31,037	162,537	137,886
Advertising and marketing	14,139	1,724	1,379	17,242	19,067
Professional fees	5,945	725	30,580	37,250	29,050
Telephone	9,167	1,118	894	11,179	7,661
Postage	2,950	360	288	3,598	3,872
Rent and utilities	54,815	6,685	5,348	66,848	63,288
Travel	8,038	--	4,759	12,797	6,903
Insurance	4,400	537	429	5,366	4,896
Interest	1,893	231	185	2,309	211
Printing	2,739	334	267	3,340	3,151
Program expenses	77,379	--	--	77,379	93,901
Office expenses	35,244	4,298	3,435	42,977	43,242
Repairs and maintenance	--	--	--	--	400
Depreciation and amortization	<u>45,035</u>	<u>5,492</u>	<u>4,394</u>	<u>54,921</u>	<u>51,559</u>
	<u>\$829,430</u>	<u>\$74,698</u>	<u>\$125,550</u>	<u>\$1,029,678</u>	<u>\$1,017,666</u>

*See independent auditors' report.*