

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**  
**(With Summarized Comparative Information for 2020)**

**PHILADELPHIA YOUNG PLAYWRIGHTS  
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AUGUST 31, 2021**

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## INDEPENDENT AUDITOR'S 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, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 present fairly, in all material respects, the financial position of Philadelphia Young Playwrights as of August 31, 2021, 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 the Philadelphia Young Playwrights' financial statements as of and for the year ended August 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Brinker Simpson & Company, LLC  
Springfield, Pennsylvania  
January 7, 2022

**PHILADELPHIA YOUNG PLAYWRIGHTS  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2021 AND 2020**

	2021	2020
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 53,898	\$ 95,574
Accounts receivable	16,650	22,260
Unconditional promises to give, current portion	205,000	265,000
Prepaid expenses	3,897	5,500
<b>Total Current Assets</b>	<b>279,445</b>	<b>388,334</b>
Office equipment and leasehold improvements, net	-	43,929
Deposits	11,097	11,097
Unconditional promises to give, long-term portion	185,000	372,500
Beneficial interest in Community Foundation - unrestricted	13,567	10,832
Beneficial interest in Community Foundation - restricted	722,230	572,484
<b>Total Assets</b>	<b>\$ 1,211,339</b>	<b>\$ 1,399,176</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Line of credit	\$ 44,570	\$ 56,570
Accounts payable and accrued expenses	31,286	25,211
Paycheck Protection Program loan	98,512	89,114
<b>Total Current Liabilities</b>	<b>174,368</b>	<b>170,895</b>
<b>Net Assets</b>		
Net assets without donor restrictions	(97,689)	(109,383)
Net assets with donor restrictions	1,134,660	1,337,664
<b>Total Net Assets</b>	<b>1,036,971</b>	<b>1,228,281</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,211,339</b>	<b>\$ 1,399,176</b>

See notes to financial statements.

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED AUGUST 31, 2021**  
**(With Summarized Comparative Information for 2020)**

	<b>2021</b>		<b>2020</b>	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support</b>				
Grants and contributions	\$ 184,418	\$ 36,000	\$ 220,418	\$ 1,185,397
Contracts	53,675	-	53,675	49,110
Government grants	21,930	-	21,930	37,074
Forgiveness of Paycheck Protection Program loan	89,114	-	89,114	-
<b>Total Support</b>	<u>349,137</u>	<u>36,000</u>	<u>385,137</u>	<u>1,271,581</u>
<b>Revenues</b>				
Contract services	31,010	-	31,010	25,060
Special event and other	14,069	-	14,069	19,888
Investment income	18,451	-	18,451	11,912
Net assets released from restrictions	388,750	(388,750)	-	-
<b>Total Revenues</b>	<u>452,280</u>	<u>(388,750)</u>	<u>63,530</u>	<u>56,860</u>
<b>Total Support and Revenues</b>	<u>801,417</u>	<u>(352,750)</u>	<u>448,667</u>	<u>1,328,441</u>
<b>Expenses</b>				
Program services	605,830	-	605,830	653,688
Development	68,315	-	68,315	93,543
General and administrative	78,045	-	78,045	74,140
<b>Total Expenses</b>	<u>752,190</u>	<u>-</u>	<u>752,190</u>	<u>821,371</u>
<b>Changes in Net Assets Before Other Income (Expenses)</b>	<u>49,227</u>	<u>(352,750)</u>	<u>(303,523)</u>	<u>507,070</u>
<b>Other Income (Expense)</b>				
Realized and unrealized gains (losses) in the beneficial interest in Community Foundation	2,735	149,746	152,481	(27,219)
Loss on abandonment of leasehold improvements	(40,268)	-	(40,268)	-
<b>Total Other Income (Expense)</b>	<u>(37,533)</u>	<u>149,746</u>	<u>112,213</u>	<u>(27,219)</u>
<b>Changes in Net Assets</b>	<u>11,694</u>	<u>(203,004)</u>	<u>(191,310)</u>	<u>479,851</u>
<b>Net Assets, Beginning</b>	<u>(109,383)</u>	<u>1,337,664</u>	<u>1,228,281</u>	<u>748,430</u>
<b>Net Assets, Ending</b>	<u>(\$ 97,689)</u>	<u>\$ 1,134,660</u>	<u>\$ 1,036,971</u>	<u>\$ 1,228,281</u>

See notes to financial statements.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (191,310)	\$ 479,851
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,661	14,643
Loss on abandonment of leasehold improvements	40,268	-
Forgiveness of Paycheck Protection Program loan	(89,114)	-
Realized and unrealized losses (gains) in the beneficial interest in Community Foundation	(152,481)	460
Changes in operating assets and liabilities:		
Accounts receivable	5,610	26,578
Unconditional promises to give	247,500	(480,000)
Prepaid expenses	1,603	(2,780)
Accounts payable and accrued expenses	6,075	(36,193)
	<b>(128,188)</b>	<b>2,559</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of beneficial interest in Community Foundation	-	(203,243)
Due to beneficial interest in Community Foundation	-	(3,500)
	<b>-</b>	<b>(206,743)</b>
<b>Cash Flows from Financing Activities</b>		
Net repayments on line of credit	(12,000)	(9,000)
Proceeds from Paycheck Protection Program loan	98,512	89,114
	<b>86,512</b>	<b>80,114</b>
<b>Net Changes in Cash</b>	<b>(41,676)</b>	<b>(124,070)</b>
<b>Cash, Beginning</b>	<b>95,574</b>	<b>219,644</b>
<b>Cash, Ending</b>	<b>\$ 53,898</b>	<b>\$ 95,574</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	<b>\$ 2,543</b>	<b>\$ 4,958</b>

See notes to financial statements.

**PHILADELPHIA YOUNG PLAYWRIGHTS**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**  
(With Summarized Comparative Information for 2020)

	<b>2021</b>				<b>2020</b>
	Program Services	Development	General and Administrative	Total	Total
Salaries	\$ 332,247	\$ 46,855	\$ 46,855	\$ 425,957	\$ 411,761
Payroll taxes and benefits	59,176	8,345	8,345	75,866	85,326
Independent contractors	143,858	4,021	4,021	151,900	189,865
Advertising	1,036	-	4,745	5,781	2,738
Equipment purchase and rental	7,997	1,128	1,128	10,253	7,046
Insurance	5,128	723	723	6,574	7,143
Interest	-	-	2,543	2,543	4,958
Office expense	11,684	1,291	2,372	15,347	11,635
Postage	-	-	511	511	1,485
Printing	-	-	427	427	291
Professional fees	6,434	908	908	8,250	7,750
Program expenses	2,509	-	-	2,509	9,669
Rent and utilities	28,113	3,965	3,965	36,043	50,917
Repairs and maintenance	-	-	-	-	1,744
Telecommunications	4,793	676	676	6,145	9,004
Travel	-	-	423	423	5,396
Depreciation and amortization	2,855	403	403	3,661	14,643
	<b>\$ 605,830</b>	<b>\$ 68,315</b>	<b>\$ 78,045</b>	<b>\$ 752,190</b>	<b>\$ 821,371</b>

See notes to financial statements.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 1: ORGANIZATION**

**Nature of Operations**

Philadelphia Young Playwrights (the "Organization") seeks to tap the potential of youth and inspire learning through playwriting. The Organization's 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. The Organization 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. The Organization annually operates programs in as many as 50 Philadelphia and suburban public, private and parochial schools.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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 (US GAAP).

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets.

**Use of Estimates**

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (codified as “ASC 606”) as well as other clarifications and technical guidance related to this new revenue standard, including ASC 340-40, Other Assets and Deferred Costs- Contracts with Customers (“ASC 340-40”). ASC 606 superseded the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance. The Organization adopted ASC 606 and ASC 340-40 on September 1, 2019 (the effective date) using the full retrospective transition method. There was no required adjustment to net assets as a result of the cumulative effect of applying ASC 606 to active contracts as of the adoption date as all contracts began and ended in the same reporting period.

**Allocation of Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among certain functions. Independent contractors are allocated based on full-time equivalents. Rent and utilities, insurance, and depreciation are allocated based on square footage. All other expenses related to more than one function are allocated based on estimates of time and costs.

**Support and Revenue Recognition**

Contributions, including unconditional promises to give, are recorded as revenue when the unconditional promise to give is received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending upon the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Grants and contributions with donor restrictions, whose restrictions are met within the same year as received, are reflected as without donor restrictions in the accompanying financial statements.

**Promises to Give**

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Discounts have been deemed immaterial and were not recorded as of August 31, 2021 and 2020.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. At August 31, 2021 and 2020, management has determined that no allowance is necessary.

**Exchange Revenue**

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised products and/or services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those products and services. The Organization determined that contract services are subject to ASC 606.

The Organization may execute more than one contract or agreement with a single customer. The separate contracts or agreements may be viewed as one combined arrangement or separate arrangements for revenue recognition purposes. To reach appropriate conclusions regarding whether such arrangements should be combined, the Organization evaluates whether the agreements were negotiated as a package with a single commercial objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the goods or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the time of revenue recognition related to those arrangements.

The Organization's contract services are reported at the amount that reflects the consideration that the Organization expects to be entitled to in exchange for providing professional services. Generally, the Organization bills customers after services have been provided. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. The Organization utilizes the portfolio approach for contracts with customers. Based on this approach, the Organization believes all contracts fall within one general category. Within this contract category, the expected number of hours of professional service and the anticipated outcomes may vary. Revenue for the performance obligation is satisfied over time on the straight-line basis for the associated contract in accordance with the input method. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from when professional services begin to be provided to the point when it is no longer obligated to provide services, which is the time at which the agreed upon services are complete.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(A) and, therefore, is not required to disclose the aggregate amount of the transaction prices allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization determines the transaction price based on standard charges for goods and services provided. The Organization estimates the transaction price and input requirements based on historical experience for similar contracts. Subsequent changes to the estimate of the transaction price would be recorded as adjustments to contract service revenue in the period of the change.

All contracts with customers began and ended during the same calendar year. As a result, the Organization does not have any contract assets or liabilities as of August 31, 2021 and 2020.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense was \$5,781 and \$2,738 for the years ended August 31, 2021 and 2020, respectively.

**Special Events**

Special event revenue is recognized from events organized by the Organization that generate income and expenses from fundraising functions designed to attract donors and raise awareness. As a result of COVID-19, there was no special event held during the year ended August 31, 2020. Special event net income totaled \$2,347 and \$0 for the year ended August 31, 2021 and 2020, respectively. Special event revenue and expense were included in the Statement of Activities and Changes in Net Assets and the Statement of Functional Expenses.

**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 written off when that determination is made.

**Office Equipment and Leasehold Improvements**

Office equipment and leasehold improvements with a cost of at least \$1,000 and with a useful life greater than one year are capitalized and 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, including any option periods, or the estimated useful lives of the improvements (3-9 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.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income for the years ended August 31, 2021 and 2020. Therefore, no provision for income taxes is reflected in these financial statements.

US GAAP requires 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, 2021.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the pronouncement may have on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which affects all entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 3: AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash	\$ 53,898	\$ 95,574
Accounts receivable	16,650	22,260
Unconditional promises to give, current portion	<u>205,000</u>	265,000
Total Financial Assets	<u>\$ 275,548</u>	<u>\$ 382,834</u>

The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses (approximately \$80,000). As part of its liquidity plan, excess cash is invested in interest bearing accounts.

**NOTE 4: 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, 2021 and 2020, and during the years then ended:

	<u>Contributions</u>		<u>Unconditional Promises to Give</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Contributor A	18%	42%	95%	87%
Contributor B	9%	9%	5%	5%
Contributor C	9%	2%	0%	4%

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 5: UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give as of August 31, 2021 and 2020 amounted to \$390,000 and \$637,500, respectively.

Unconditional promises to give will be received as follows:

<u>For the Years Ending August 31:</u>	<u>Amount</u>
2022	\$ 205,000
2023	185,000
	\$ 390,000

**NOTE 6: OFFICE EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 67,524	\$ 110,085
Leasehold improvements	-	171,182
	67,524	281,267
Less: accumulated depreciation and amortization	67,524	237,338
	\$ -	\$ 43,929

Depreciation and amortization expense for the years ended August 31, 2021 and 2020 totaled \$3,661 and \$14,643, respectively, and is reflected in the Statements of Functional Expenses.

During the year ended August 31, 2021, the Organization moved office and studio space (see Note 10). As a result, previous leasehold improvements with a net book value of \$40,268 were abandoned. The loss on abandonment is included in Other Income (Expenses) on the Statement of Activities and Changes in Net Assets.

**NOTE 7: 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 net assets with donor restrictions at the fair value of the Organization's proportionate share. At August 31, 2021 and 2020, the value of the beneficial interest was \$722,230 and \$572,484, respectively. The realized and unrealized gain/(loss) in the beneficial interest for the years ended August 31, 2021 and 2020 of \$149,746 and \$(26,759), respectively, is recorded in the Statements of Activities and Changes in Net Assets as a change in net assets with donor restrictions. During the year ended August 31, 2020, contributions were made to the endowment in the amount of \$230,002, and are recorded as net assets with donor restrictions in the Statements of Activities and Changes in Net Assets. No contributions were made to the endowment during the year ended August 31, 2021.

**PHILADELPHIA YOUNG PLAYWRIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

**NOTE 7: 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 as net assets without donor restrictions at the fair value of the Organization's proportionate share. At August 31, 2021 and 2020, the value of the beneficial interest was \$13,567 and \$10,832, respectively. The realized and unrealized gain/(loss) in the beneficial interest for the years ended August 31, 2021 of \$2,735 and August 31, 2020 of \$(460) is recorded in the Statements of Activities and Changes in Net Assets as a change in net assets without donor restrictions.

**NOTE 8: 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: Observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2: 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.

Level 3: 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:

	Level 3 Significant Unobservable Inputs	
	2021	2020
Assets:		
Beneficial Interest in Community Foundation - Unrestricted	\$ 13,567	\$ 10,832
Beneficial Interest in Community Foundation - Permanently Restricted	\$ 722,230	\$ 572,484

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**NOTE 8: FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value measurements using significant unobservable inputs (Level 3):

	Beneficial Interest in Community Foundation Unrestricted	Beneficial Interest in Community Foundation Permanently Restricted
Balance - August 31, 2019	\$ 11,292	\$ 369,241
Realized and unrealized gain (loss)	106	(12,020)
Receipts	-	230,002
Distributions	(566)	(14,739)
Balance - August 31, 2020	10,832	572,484
Realized and unrealized gain	3,299	174,346
Receipts	-	-
Distributions	(564)	(24,600)
Balance - August 31, 2021	<u>\$ 13,567</u>	<u>\$ 722,230</u>

**NOTE 9: NET ASSETS**

Net assets with donor restrictions at August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Program support	\$ 215,109	\$ 170,613
Beneficial interest in Community Foundation	529,551	529,551
Passage of Time		
Unconditional promises to give	390,000	637,500
Total	<u>\$ 1,134,660</u>	<u>\$ 1,337,664</u>

Net assets released from net assets with donor restrictions for the years ended August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
Program support	\$ 126,250	\$ 300,000
Satisfaction of Time Restrictions		
Unconditional promises to give	262,500	105,000
Total	<u>\$ 388,750</u>	<u>\$ 405,000</u>

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**NOTE 10: COMMITMENTS**

During the year ended August 31, 2021, the Organization amended its current commercial lease agreement in Philadelphia for new office and studio space. The amendments to the lease commenced on December 1, 2020 and state that the initial term of the lease shall be for thirty-two months with the option to renew for an additional term of one year at the termination of the initial lease term. The Organization's base rent will be \$2,362.50 per month with an additional fee of \$270 per month for utility expenses.

The Organization entered into a five-year copier lease expiring in April 2026, with minimum monthly payments of \$121.

Rent expense for all operating leases was \$32,131 and \$44,988 for the years ended August 31, 2021 and 2020, respectively.

Future minimum rentals for the above leases are as follows:

<u>For the Years Ending August 31:</u>	<u>Amount</u>
2022	\$ 29,665
2023	26,871
2024	1,452
2025	1,452
2026	968
	\$ 60,408

**NOTE 11: LINE OF CREDIT**

From September 1, 2017 to April 1, 2018, the Organization had a line of credit totaling \$100,000 with its bank under which the Organization could borrow at the bank's floating prime rate of interest plus 4.75%. The line of credit was collateralized by substantially all the assets of the Organization. In April 2018, the Organization made a principal payment on this line of credit in order to reduce the outstanding principal balance to \$75,000 in connection with the line of credit modification, as follows.

Effective April 2, 2018, the Organization modified its line of credit and established a \$75,000 line of credit note with its bank. The note shall bear interest on the outstanding principal balance calculated at the floating rate equal to the "Wall Street Journal Prime Rate" plus 1.5% per annum (4.75% as of August 31, 2021). The interest rate shall never be less than 4.75% during the term of the line of credit note. The Organization made monthly principal payments of \$1,000 plus all accrued interest beginning February 1, 2018 and each month thereafter until October 30, 2020, the maturity date of the note. The bank then extended the maturity date through October 20, 2023. The note is collateralized by all of the assets of the Organization. The amounts outstanding under the line of credit were \$44,570 and \$56,570 at August 31, 2021 and 2020, respectively.

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**NOTE 12: EMPLOYEE BENEFIT PLAN**

The Organization sponsors a SIMPLE IRA Plan (the Plan) covering all employees with at least three months of service who agree to make contributions to the Plan. The Organization makes a contribution to the Plan each year equal to 2% of all participants' compensation. Total expense for the years ended August 31, 2021 and 2020 was \$4,450 and \$5,344, respectively, and is included as a component of payroll taxes and benefits in the Statements of Functional Expenses.

**NOTE 13: PAYCHECK PROTECTION PROGRAM LOAN**

As a result of COVID-19, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "Act") was signed into law. The Act amended the Small Business Act to include a new guaranteed, unsecured loan program (the "Paycheck Protection Program"). During the year ended August 31, 2021, the Organization received full forgiveness on the first draw of the Paycheck Protection Program loan program in the amount of \$89,114, which has been included in support on the Statement of Activities and Changes in Net Assets.

The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, which was included in the Consolidated Appropriation Act, 2021, allowed for a second draw on the Paycheck Protection Program loan. The Organization applied for a second-round loan under the Paycheck Protection Program. In February 2021, the loan was approved in the amount of \$98,512. This loan has a term of five years and is subject to interest of 1%, with a deferral of payments for the first ten months following the completion of the Organization's covered period. The Organization has elected to utilize a twenty-four-week covered period. The loan and accrued interest can be forgiven up to 100%, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, as defined in the Act.

On October 29, 2021, the Organization received notice from its Paycheck Protection Program second-round lender that the entire principal of \$98,512 will be forgiven. Therefore, the entire amount has been classified as current in the Statements of Financial Position.

**NOTE 14: RISKS AND UNCERTAINTIES**

The 2019 novel coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect, economic activity globally, nationally, and locally. These economic and market conditions and other effects of the COVID-19 outbreak may continue to cause volatility. The full extent of any adverse impact of the COVID-19 outbreak on the Organization's financial statements cannot be predicted at this time.

**NOTE 15: SUBSEQUENT EVENTS**

Management evaluated subsequent events and transactions through January 7, 2022, the date on which the financial statements were available to be issued.