

PHILADELPHIA YOUNG PLAYWRIGHTS
FINANCIAL STATEMENTS
AUGUST 31, 2023
(With Summarized Comparative Information for 2022)

**PHILADELPHIA YOUNG PLAYWRIGHTS
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AUGUST 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Philadelphia Young Playwrights

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Philadelphia Young Playwrights as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Philadelphia Young Playwrights’ internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Philadelphia Young Playwrights’ ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Philadelphia Young Playwrights’ 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Brinker Simpson & Company, LLC
Media, Pennsylvania
March 20, 2024

**PHILADELPHIA YOUNG PLAYWRIGHTS
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash	\$ 48,614	\$ 82,751
Accounts receivable	12,605	950
Unconditional promises to give, current portion	215,432	185,000
Prepaid expenses	6,395	2,878
Total Current Assets	283,046	271,579
Deposits	11,097	11,097
Operating lease right-of-use assets, net	63,584	91,735
Unconditional promises to give, long-term portion	370,019	-
Beneficial interest in Community Foundation - unrestricted	11,804	11,169
Beneficial interest in Community Foundation - restricted	642,078	601,460
Total Assets	\$ 1,381,628	\$ 987,040
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Line of credit	\$ 74,570	\$ 74,570
Accounts payable and accrued expenses	15,875	13,740
Current portion of operating lease obligations	30,668	29,584
Total Current Liabilities	121,113	117,894
Long-Term Liabilities		
Operating lease obligations, net of current portion	34,077	62,733
Total Liabilities	155,190	180,627
Net Assets		
Net assets without donor restrictions	(67,207)	(24,977)
Net assets with donor restrictions	1,293,645	831,390
Total Net Assets	1,226,438	806,413
Total Liabilities and Net Assets	\$ 1,381,628	\$ 987,040

See accompanying notes.

PHILADELPHIA YOUNG PLAYWRIGHTS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2023
(With Summarized Comparative Information for 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support				
Grants and contributions	\$ 238,780	\$ 625,137	\$ 863,917	\$ 263,120
Contracts	46,200	-	46,200	48,300
Government grants	57,978	-	57,978	44,266
Forgiveness of Paycheck Protection Program loan	-	-	-	98,512
Total Support	<u>342,958</u>	<u>625,137</u>	<u>968,095</u>	<u>454,198</u>
Revenues				
Contract services	37,080	-	37,080	35,366
Special event and other	4,001	-	4,001	7,729
Investment income	21,206	-	21,206	19,094
Net assets released from restrictions	203,500	(203,500)	-	-
Total Revenues	<u>265,787</u>	<u>(203,500)</u>	<u>62,287</u>	<u>62,189</u>
Total Support and Revenues	<u>608,745</u>	<u>421,637</u>	<u>1,030,382</u>	<u>516,387</u>
Expenses				
Program services	581,952	-	581,952	593,097
Development	64,951	-	64,951	70,817
General and administrative	64,115	-	64,115	69,857
Total Expenses	<u>711,018</u>	<u>-</u>	<u>711,018</u>	<u>733,771</u>
Changes in Net Assets Before Other Income (Expenses)	<u>(102,273)</u>	<u>421,637</u>	<u>319,364</u>	<u>(217,384)</u>
Other Income (Expense)				
Realized and unrealized gains (losses) in the beneficial interest in Community Foundation	636	40,618	41,254	(123,168)
Claim for Employee Retention Credit	59,407	-	59,407	109,994
Total Other Income (Expense)	<u>60,043</u>	<u>40,618</u>	<u>100,661</u>	<u>(13,174)</u>
Changes in Net Assets	<u>(42,230)</u>	<u>462,255</u>	<u>420,025</u>	<u>(230,558)</u>
Net Assets, Beginning	<u>(24,977)</u>	<u>831,390</u>	<u>806,413</u>	<u>1,036,971</u>
Net Assets, Ending	<u>\$ (67,207)</u>	<u>\$ 1,293,645</u>	<u>\$ 1,226,438</u>	<u>\$ 806,413</u>

See accompanying notes.

**PHILADELPHIA YOUNG PLAYWRIGHTS
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ 420,025	\$ (230,558)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Interest expense on operating leases	580	582
Forgiveness of Paycheck Protection Program loan	-	(98,512)
Realized and unrealized losses (gains) in the beneficial interest in Community Foundation	(41,254)	123,168
Changes in operating assets and liabilities:		
Accounts receivable	(11,655)	15,700
Unconditional promises to give	(400,451)	205,000
Prepaid expenses	(3,517)	1,019
Accounts payable and accrued expenses	2,135	(17,546)
Net Cash Used in Operating Activities	(34,137)	(1,147)
Cash Flows from Financing Activities		
Net borrowings on line of credit	-	30,000
Net Changes in Cash	(34,137)	28,853
Cash, Beginning	82,751	53,898
Cash, Ending	\$ 48,614	\$ 82,751
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 6,272	\$ 3,102
Supplemental Disclosures of Non-Cash Operating Activities:		
Right-of-use assets acquired from incurring lease obligation	\$ -	\$ 121,342

See accompanying notes.

PHILADELPHIA YOUNG PLAYWRIGHTS
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023
(With Summarized Comparative Information for 2022)

	2023				2022
	Program Services	Development	General and Administrative	Total	Total
Salaries	\$ 259,179	\$ 36,551	\$ 36,551	\$ 332,281	\$ 404,919
Payroll taxes	26,336	3,714	3,714	33,764	37,215
Employee benefits	15,783	2,226	2,226	20,235	32,446
Independent contractors	205,409	12,060	12,060	229,529	175,419
Advertising	225	395	-	620	900
Equipment purchase and rental	2,428	343	343	3,114	3,600
Insurance	5,272	744	744	6,760	7,010
Interest	4,892	690	690	6,272	3,102
Office expense	10,488	1,502	1,502	13,492	9,058
Postage	823	116	116	1,055	820
Printing	851	120	120	1,091	516
Professional fees	8,580	1,210	1,210	11,000	9,500
Professional development	3,965	441	-	4,406	3,920
Program expenses	3,408	-	-	3,408	2,371
Rent and utilities	23,292	3,285	3,285	29,862	30,971
Repairs and maintenance	605	85	85	775	798
Technology	3,719	525	525	4,769	4,679
Telecommunications	2,153	303	303	2,759	5,296
Travel	4,544	641	641	5,826	1,231
	<u>\$ 581,952</u>	<u>\$ 64,951</u>	<u>\$ 64,115</u>	<u>\$ 711,018</u>	<u>\$ 733,771</u>

See accompanying notes.

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 1: ORGANIZATION

Nature of Operations

Philadelphia Young Playwrights (the "Organization") celebrates student voices through the art of playwriting. The Organization's programs promote writing-based literacy skills while also advancing creativity, confidence, critical thinking, problem-solving, and collaborative skills in grades K-12 in an engaging customizable 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 serving as many as 1700 students in Philadelphia and suburban public, private, and parochial schools and produces as many as 15 student works per year.

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, 2023 AND 2022**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Salaries and related expenses are allocated based on time and effort. 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 as of August 31, 2023 and 2022 total \$24,981 and \$0.

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, 2023 and 2022, management has determined that no allowance is necessary.

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 AND 2022**

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, 2023 and 2022.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$620 and \$900 for the years ended August 31, 2023 and 2022, 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. Special event net income totaled \$4,001 and \$7,729 for the years ended August 31, 2023 and 2022, respectively. Special event and other 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. There was no depreciation and amortization expense for the years ended August 31, 2023 and 2022.

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

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. There were no in-kind contributions or donated services for the years ended August 31, 2023 and 2022.

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, 2023 and 2022. 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, 2023.

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, 2022, from which the summarized information was derived.

Recent Accounting Pronouncements

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, 2023 AND 2022**

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash	\$ 48,614	\$ 82,751
Accounts receivable	12,605	950
Unconditional promises to give, current portion	215,432	185,000
Total Financial Assets	<u>\$ 276,651</u>	<u>\$ 268,701</u>

The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses (approximately \$60,000). 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, 2023 and 2022, and during the years then ended:

	<u>Contributions</u>		<u>Unconditional Promises to Give</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Contributor A	57%	9%	91%	100%

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 5: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of August 31, 2023 and 2022 amounted to \$585,451 and \$185,000, respectively.

Unconditional promises to give will be received as follows:

	<u>2023</u>	<u>2022</u>
Promises to give due in less than one year	\$ 215,432	\$ 185,000
Promises to give due in one to five years	<u>395,000</u>	<u>-</u>
	610,432	185,000
Less: Discount for net present value of future cash flows	<u>(24,981)</u>	<u>-</u>
Promises to give, net	<u>\$ 585,451</u>	<u>\$ 185,000</u>

NOTE 6: OFFICE EQUIPMENT

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 67,524	\$ 67,524
Less: accumulated depreciation	<u>(67,524)</u>	<u>(67,524)</u>
	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the years ended August 31, 2023 and 2022.

NOTE 7: BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

During the year ended August 31, 2023, 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. 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, 2023 and 2022, the value of the beneficial interest was \$642,078 and \$601,460, respectively. The realized and unrealized gain of \$40,618 and loss of \$120,770 in the beneficial interest for the years ended August 31, 2023 and 2022, respectively, is recorded in the Statements of Activities and Changes in Net Assets as a change in net assets with donor restrictions. No contributions were made to the endowment during the years ended August 31, 2023 and 2022.

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

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. 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, 2023 and 2022, the value of the beneficial interest was \$11,804 and \$11,169, respectively. The realized and unrealized gain of \$636 and loss of \$2,398 in the beneficial interest for the years ended August 31, 2023 and 2022, respectively, 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	
	2023	2022
Assets:		
Beneficial Interest in Community Foundation - Unrestricted	\$ 11,804	\$ 11,169
Beneficial Interest in Community Foundation - Permanently Restricted	\$ 642,078	\$ 601,460

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

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, 2021	\$ 13,567	\$ 722,230
Realized and unrealized loss	(1,926)	(104,668)
Distributions	(472)	(16,102)
Balance - August 31, 2022	11,169	601,460
Realized and unrealized gain	885	61,556
Distributions	(250)	(20,938)
Balance - August 31, 2023	<u>\$ 11,804</u>	<u>\$ 642,078</u>

NOTE 9: NET ASSETS

Net assets with donor restrictions at August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Specific Purpose		
Program support	\$ 708,194	\$ 44,930
Beneficial interest in Community Foundation	-	601,460
Passage of Time		
Unconditional promises to give	<u>585,451</u>	185,000
Total	<u>\$ 1,293,645</u>	<u>\$ 831,390</u>

Net assets released from net assets with donor restrictions for the years ended August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions		
Program support	\$ 203,500	\$ 16,000
Satisfaction of Time Restrictions		
Unconditional promises to give	-	205,000
Total	<u>\$ 203,500</u>	<u>\$ 221,000</u>

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 10: LEASE COMMITMENTS

The Organization leases its office and studio space and a copier under operating leases with 2 to 5 years initial terms. Most leases include renewal options which can extend the lease term up to 5 years. The exercise of these renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation and for variable payments. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the Statements of Financial Position which include amounts for operating leases as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	<u>\$ 63,584</u>	<u>\$ 91,735</u>
Current portion of operating lease liabilities	<u>\$ 30,668</u>	<u>\$ 29,584</u>
Operating lease liabilities	<u>34,077</u>	<u>62,733</u>
Total Operating Lease Liabilities	<u>\$ 64,745</u>	<u>\$ 92,317</u>

The components of operating lease expenses that are included in the Statement of Functional Expenses for the years ended August 31, 2023 and 2022 are as follows:

Operating lease cost	<u>\$ 30,192</u>	<u>\$ 30,246</u>
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Operating lease cost is included in equipment purchase and rental and rent and utilities on the Statements of Functional Expenses.

The following summarizes the cash flow information related to operating leases for the years ended August 31, 2023 and 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	<u>\$ 29,611</u>	<u>\$ 29,664</u>
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**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 10: LEASE COMMITMENTS (continued)

Weighted average lease term and discount rate as of August 31, 2023 and 2022 are as follows:

Weighted average remaining lease term	2.24	3.07
Weighted average discount rate	0.61%	0.61%

The maturities of operating lease liabilities as of August 31, 2023 are as follows:

For the Years Ending August 31,

2024	\$ 30,753
2025	30,753
2026	1,924
2027	951
2028	793
Total lease payments	<u>65,174</u>
Less: Interest	(429)
Present value of lease liability	<u><u>\$ 64,745</u></u>

NOTE 11: LINE OF CREDIT

Effective April 2, 2018, the Organization modified its line of credit and established a \$75,000 line of credit with its bank. The line 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 (10% as of August 31, 2023). The interest rate shall never be less than 4.75% during the term of the line of credit. The original line of credit matured during October 2021 and was renewed through November 2028. The line is collateralized by all of the assets of the Organization. The amounts outstanding under the line of credit were \$74,570 at both August 31, 2023 and 2022.

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 are eligible to participate in the Plan. The Organization makes a contribution each year equal to 2% of all participant's eligible compensation. Total expense for the years ended August 31, 2023 and 2022 was \$2,549 and \$4,542, respectively, and is included as a component of employee benefits in the Statements of Functional Expenses.

NOTE 13: EMPLOYEE RETENTION CREDIT

The Organization was eligible to claim employee retention credits for certain quarters during the years ended August 31, 2023 and 2022, as a result of a reduction in revenue during those respective quarters, as prescribed under the program. The Organization received the full amounts on August 8, 2023 and March 24, 2022 and recorded the amounts of \$59,407 and \$109,994 as other income during the year ended August 31, 2023 and 2022, respectively.

**PHILADELPHIA YOUNG PLAYWRIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 14: PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization obtained a second Paycheck Protection Program loan totaling \$98,512. The loan accrued interest at 1% and matured in March 2023. This Paycheck Protection Program loan was forgiven on October 29, 2021 and has been included in support on the Statements of Activities and Changes in Net Assets.

NOTE 15: 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 future operations cannot be predicted at this time.

NOTE 16: SUBSEQUENT EVENTS

Management evaluated subsequent events and transactions through March 20, 2024, the date on which the financial statements were available to be issued.