

Prime Stage  
Financial Statements  
*For the Years Ended June 30, 2018 (Compiled) and 2017 (Reviewed)*



**Prime Stage**

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Board of Directors of  
Prime Stage**  
Harmony, PA

Management is responsible for the accompanying financial statements of Prime Stage (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and other changes in net assets—modified cash basis and statements of functional expenses for the years then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying June 30, 2017 financial statements of Prime Stage were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with the cash basis of accounting in our report dated January 19, 2018, but we have not performed any procedures in connection with that review engagement since that date.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Pittsburgh, PA  
May 21, 2019

**Prime Stage  
Statements of Assets, Liabilities  
& Net Assets  
Modified Cash Basis**

As of June 30,

	Compiled 2018	Reviewed 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ -	\$ 42,949 *
<b>Total Current Assets</b>	-	42,949
<b>TOTAL ASSETS</b>	\$ -	\$ 42,949
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Cash Overdrafts	\$ 2,436	\$ -
<b>Total Current Liabilities</b>	2,436	-
<b>Net Assets</b>		
Unrestricted	\$ [2,436]	42,949 *
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ -	\$ 42,949 *

**Prime Stage  
Statements of Revenues, Expenses & Other  
Changes in Net Assets  
Modified Cash Basis**

For the years ended June 30,

	Compiled 2018	Reviewed 2017
<b>Changes in Unrestricted Net Assets:</b>		
<b>Revenues:</b>		
Earned Income	\$ 60,392	\$ 80,778
Corporate Contributions	4,700	3,550
Donations	32,039	46,447 *
Foundations	110,100	107,500
Government Grants	15,187	58,687
<b>Total Revenues</b>	222,418	296,962
<b>Expenses:</b>		
Fundraising	4,480	6,207
Management & General	41,516	34,054
Program Expenses	221,807	214,654
<b>Total Expenses</b>	267,803	254,915
<b>Increase [Decrease] in Unrestricted Net Assets</b>	[45,385]	42,047 *
<b>Net Assets at Beginning of Year</b>	42,949	902
<b>Net Assets at End of Year</b>	\$ [2,436]	\$ 42,949 *

\* Restated

See Independent Accountant's Compilation Report  
The Accompanying Notes are an Integral Part of these Financial Statements

**Prime Stage**  
**Statement of Functional Expenses**  
**Modified Cash Basis**

*As of June 30, 2018 - Compiled*

	Program Services	Management & General	Fundraising	Total
Advertising	\$ -	\$ 2,547	\$ -	\$ 2,547
Assistant Operations Director	2,700	-	-	2,700
Bank Charges	-	5,779	-	5,779
Board Training	-	350	-	350
Development Director	11,687	-	-	11,687
Dues & Membership	1,561	-	-	1,561
Education Box Office Manager	4,800	-	-	4,800
Education Director	21,557	-	-	21,557
Education Programs	4,558	-	-	4,558
Fundraising	-	-	4,480	4,480
Insurance	-	6,265	-	6,265
Marketing	11,594	-	-	11,594
Mentor Director	200	-	-	200
Office Expenses	-	13,089	-	13,089
Operations Director	6,500	-	-	6,500
Payroll Fees & Payroll Taxes	-	3,426	-	3,426
Production	29,051	-	-	29,051
Production Manager	5,550	-	-	5,550
Production Staff	58,815	-	-	58,815
Professional Fees	-	7,046	-	7,046
Publications Director	6,800	-	-	6,800
Registration Fees	-	150	-	150
Rehearsal Rent	12,035	-	-	12,035
Social Media Director	2,600	-	-	2,600
Special Programs	6,179	-	-	6,179
Staged Reading	192	-	-	192
Storage Rent	2,563	-	-	2,563
Theatre Rent	32,865	-	-	32,865
Travel Expenses	-	233	-	233
Utilities	-	2,631	-	2,631
<b>Total</b>	<b>\$ 221,807</b>	<b>\$ 41,516</b>	<b>\$ 4,480</b>	<b>\$ 267,803</b>

See Independent Accountant's Compilation Report  
The Accompanying Notes are an Integral Part of these Financial Statements

**Prime Stage**  
**Statement of Functional Expenses**  
**Modified Cash Basis**

*As of June 30, 2017 - Reviewed*

	Program Services	Management & General	Fundraising	Total
Advertising	\$ -	\$ 143	\$ -	\$ 143
Assistant Operations Director	7,200	-	-	7,200
Bank Charges	-	353	-	353
Board Training	-	531	-	531
Development Director	3,625	-	-	3,625
Dues & Membership	200	-	-	200
Education Box Office Manager	5,200	-	-	5,200
Education Director	19,125	-	-	19,125
Education Programs	16,400	-	-	16,400
Fundraising	-	-	6,207	6,207
Insurance	-	6,155	-	6,155
Marketing	12,696	-	-	12,696
Office Expenses	-	6,496	-	6,496
Payroll Fees & Payroll Taxes	-	4,134	-	4,134
Production	31,927	-	-	31,927
Production Manager	4,400	-	-	4,400
Production Staff	60,031	-	-	60,031
Program Director	500	-	-	500
Professional Fees	-	12,904	-	12,904
Publications Director	6,000	-	-	6,000
Registration Fees	-	1,341	-	1,341
Rehearsal Rent	12,140	-	-	12,140
Social Media Director	2,200	-	-	2,200
Special Programs	2,182	-	-	2,182
Staged Reading	260	-	-	260
Storage Rent	2,444	-	-	2,444
Theatre Rent	28,124	-	-	28,124
Utilities	-	1,997	-	1,997
<b>Total</b>	<b>\$ 214,654</b>	<b>\$ 34,054</b>	<b>\$ 6,207</b>	<b>\$ 254,915</b>

See Independent Accountant's Compilation Report  
The Accompanying Notes are an Integral Part of these Financial Statements

**Prime Stage**  
**Notes to Financial Statements**

For the Years Ended June 30, 2018 (Compiled) and 2017 (Reviewed)

The following notes and accompanying financial statements are the responsibility of the Management of Prime Stage.

**Note 1 – Organization and Nature of Activities:**

The Organization was formed in 1996 under the Corporation Not-for-Profit Code of the Commonwealth of Pennsylvania as an educational organization to entertain, educate and enrich families, students and educators through the discovery of theater and literature. The Organization produces adaptations of literature and plays that explore the lives of young people and adults. The Organization also provides training and mentoring programs to address literacy and provide leadership opportunities for adolescents.

Prime Stage is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Note 2 – Significant Accounting Policies:**

*Basis of Accounting*

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, the only asset recognized is cash and certain liabilities are recognized. The cash basis differs from accounting principles generally accepted in the United States of America in that:

1. The Organization recognizes certain **revenues** and related assets when received rather than when earned.
2. Certain **expenses** are recorded when paid rather than when the expense is incurred.
3. The Organization has not recognized accounts receivable from its members or accounts payable to its vendors and their related effects on earnings in the accompanying financial statements.
4. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 – Significant Accounting Policies [continued]:**

*Net Assets*

Prime Stage reports its activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted based on donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same reporting period are considered unrestricted.

There were no temporarily restricted or permanently restricted net assets for the years ended June 30, 2018 and 2017.

*Advertising*

The Organization uses advertising to promote its programs. These costs are expensed when paid.

*Examination by Taxing Authorities*

The tax returns of Prime Stage for 2014, 2015, 2016 and 2017 could be subject to examination by the IRS, generally for up to three years from the date the return was filed or the date the return was due, if later. As of the date of this report, there are no pending or actual examinations by the IRS.

**Note 3 – Revenue Recognition:**

Revenue from the sale of tickets for productions is recognized when the cash for the ticket sales is received.

Donations, foundation support and government grants are recognized when the payments are received from the individuals and organizations.

Program and project revenues are recorded when payments are received.

**Note 4 – Modification to Cash Basis of Accounting:**

For the year ending June 30, 2017 Prime Stage prepared its financial statements using the cash basis of accounting. The June 30, 2018 financial statements have been modified to report cash overdrafts as a current liability on the Statement of Assets, Liabilities & Net Assets. There were no changes to the accompanying June 30, 2017 financial statements as a result of this modification.

**Prime Stage  
Notes to Financial Statements**

For the Years Ended June 30, 2018 (Compiled) and 2017 (Reviewed)

**Note 5 – Income Taxes:**

Under the Internal Revenue Code Section 501(c)(3), the Organization is exempt from income tax liability. Therefore, no provision or liability for federal income taxes has been included in these financial statements

**Note 6 - Subsequent Events:**

Management has considered subsequent events through the date of the report, and no events have occurred subsequent to the statement of assets, liabilities and net assets and through the date of this report that require adjustment to or disclosure in these financial statements.

**Note 7 - Commitments & Contingencies:**

The Organization has no commitments or contingencies as of the date of the financial statements.

**Note 8 - Concentrations of Risk:**

Prime Stage operates in the Pittsburgh, PA area; therefore, economic and demographic influences on this area impact the activities of the Organization.

**Note 9 - Leases:**

*Rehearsal Rent*

Prime Stage rents warehouse space for rehearsals, training and business activities from Technique by Toni, LLC under a multi-year lease. Lease payments are made in monthly installments of \$1,000. The current lease agreement is from August 2014 through July 2018 and is automatically renewable for a one-year term. Management intends to renew this lease.

Following is a schedule of future minimum lease payments required under the above operating lease as of June 30, 2018:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 12,000
2019	<u>1,000</u>
Total	<u>\$ 13,000</u>

*Theater Rent*

Prime Stage rents theater space from the New Hazlett Theater for its performances. The annual rent is based on the number of performances. For the year ending June 30, 2018, there were three performances with total rent expenses of \$31,965 and covered the time periods of:

- Event I: 10/29/17 to 11/12/17
- Event II: 3/5/18 to 3/18/18
- Event III: 4/29/18 to 5/13/18

**Note 9 – Leases [continued]:**

For the year ending June 30, 2017, there were three performances with total rent expenses of \$26,774 and covered the time periods of:

- Event I: 10/30/16 to 11/13/16
- Event II: 2/26/17 to 3/12/17
- Event III: 4/30/17 to 5/14/17

**Note 10 - Recent Accounting Pronouncements:**

On August 18, 2016, the FASB released ASU 2016-14, "Not-for-Profit Entities [Topic 958]: Presentation of Financial Statements of Not-for-Profit Entities," which strives to improve not-for-profit entity [NFP] financial statements, and to provide more useful information to donors, grantors, creditors, and other financial statement users. The pronouncement changes how NFPs present net assets on the face of the financial statements, how underwater donor-restricted endowment funds are treated, as well as requires additional disclosures for expenses by nature and function. It also requires additional disclosures for the liquidity and availability of resources. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The implementation of this standard is not expected to have a significant impact on the Organization's financial reporting.

**Note 11 – Restatements:**

A disbursement check that was issued in the prior year was inadvertently recorded as a disbursement for the year ending June 30, 2018. The check was a reimbursement to a Board Member for certain organization expenses. As a result, the accompanying financial statements for the year ended June 30, 2017 have been restated to adjust the classification of net assets at June 30, 2018. The effect of the restatement decreased the June 30, 2017 cash, net assets and donations by \$6,000.