

The Playwrights' Center, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2016 and 2015



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
The Playwrights' Center, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Playwrights' Center, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 The Playwrights' Center, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
November 16, 2016

THE PLAYWRIGHTS' CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:								
Contributions	\$ 349,848	\$ 80,000	\$ -	\$ 429,848	\$ 243,120	\$ 723,000	\$ -	\$ 966,120
Government Grants	138,538	-	-	138,538	83,607	78,086	-	161,693
Membership Fees	93,419	-	-	93,419	63,126	-	-	63,126
Special Events - Less Direct Expense of \$2,924 in 2016 and \$4,307 in 2015	63,363	-	-	63,363	38,701	-	-	38,701
Program Service Fees	36,736	-	-	36,736	26,101	-	-	26,101
Rental Income	13,357	-	-	13,357	13,341	-	-	13,341
Investment Income	301	-	-	301	(216)	-	-	(216)
Miscellaneous	4,748	-	-	4,748	1,149	-	-	1,149
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	610,084	(610,084)	-	-	748,566	(748,566)	-	-
Total Support and Revenue	1,310,394	(530,084)	-	780,310	1,217,495	52,520	-	1,270,015
Expense:								
Program Services	852,766	-	-	852,766	861,116	-	-	861,116
Support Services:								
Management and General	332,696	-	-	332,696	269,291	-	-	269,291
Fundraising	117,516	-	-	117,516	99,001	-	-	99,001
Total Support Services	450,212	-	-	450,212	368,292	-	-	368,292
Total Expense	1,302,978	-	-	1,302,978	1,229,408	-	-	1,229,408
Change in Net Assets	7,416	(530,084)	-	(522,668)	(11,913)	52,520	-	40,607
Net Assets - Beginning of Year	950,482	989,643	50,000	1,990,125	962,395	937,123	50,000	1,949,518
Net Assets - End of Year	\$ 957,898	\$ 459,559	\$ 50,000	\$ 1,467,457	\$ 950,482	\$ 989,643	\$ 50,000	\$ 1,990,125

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE PLAYWRIGHTS' CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016							2015			Total All Services	Total All Services	
	Program Services				Support Services								
	The Lab	McKnight Fellowship Programs	Jerome Fellowship Programs	McKnight Theater Playlabs	McKnight Theater Artist	Many Voices	Membership	Total Program Services	Management & General	Fund-Raising	Total Support Services		
Personnel Expense:													
Salaries	\$ 44,783	\$ 44,783	\$ 44,783	\$ 44,783	\$ 44,783	\$ 44,783	\$ 44,783	\$ 313,481	\$ 125,825	\$ 93,677	\$ 219,502	\$ 532,983	\$ 489,255
Payroll Taxes	3,204	3,202	3,202	3,202	3,202	3,202	3,202	22,416	9,428	6,699	16,127	38,543	35,091
Employee Benefits	3,744	3,744	3,744	3,744	3,744	3,744	3,744	26,208	11,018	7,831	18,849	45,057	43,104
Total Personnel Costs	51,731	51,729	51,729	51,729	51,729	51,729	51,729	362,105	146,271	108,207	254,478	616,583	567,450
Fellowships and Playwright Payments	-	82,000	92,000	-	81,000	29,000	-	284,000	-	-	-	284,000	236,175
Production Costs	32,026	6,947	3,344	9,511	24,621	7,915	19,075	103,439	12,441	490	12,931	116,370	119,207
Building Maintenance/Repair	342	142	142	142	142	142	142	1,194	41,442	298	41,740	42,934	39,427
Travel	16,234	6,958	336	4,817	2,349	948	2,042	33,684	8,821	13	8,834	42,518	28,844
Other Artistic Costs	12,392	6,322	633	3,703	2,221	2,038	1,976	29,285	681	5	686	29,971	24,179
Contract Services	458	55	55	55	55	55	2,655	3,388	23,457	971	24,428	27,816	67,716
Occupancy	94	94	94	94	94	94	94	658	18,759	196	18,955	19,613	20,785
Miscellaneous	30	30	30	30	30	30	30	210	16,602	65	16,667	16,877	12,547
Insurance	129	129	129	129	129	129	129	903	14,906	269	15,175	16,078	17,294
Telephone	20	20	20	20	20	20	20	140	11,567	42	11,609	11,749	12,433
Publicity/Newsletter	3,245	42	10	969	-	275	30	4,571	5,481	691	6,172	10,743	10,717
Printing	-	-	-	-	-	-	-	-	5,501	657	6,158	6,158	8,355
Supplies	38	8	8	8	8	8	8	86	5,679	35	5,714	5,800	6,269
Subscriptions and Staff Development	-	-	-	-	-	-	-	-	5,625	-	5,625	5,625	7,434
Postage	305	-	36	91	-	-	-	432	3,048	407	3,455	3,887	3,910
Personnel Search	-	-	-	-	-	-	-	-	-	-	-	-	220
Depreciation	9,048	1,860	2,350	2,703	930	5,200	6,580	28,671	12,415	5,170	17,585	46,256	46,446
Total Expense	\$ 126,092	\$ 156,336	\$ 150,916	\$ 74,001	\$ 163,328	\$ 97,583	\$ 84,510	\$ 852,766	\$ 332,696	\$ 117,516	\$ 450,212	\$ 1,302,978	\$ 1,229,408

The accompanying Notes to Financial Statements
are an integral part of this statement.

THE PLAYWRIGHTS' CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services							Support Services				Total All Services
	The Lab	McKnight Fellowship Programs	Jerome Fellowship Programs	Playlabs	McKnight Theater Artist	Many Voices	Membership	Total Program Services	Management & General	Fund- Raising	Total Support Services	
Personnel Expense:												
Salaries	\$ 69,643	\$ 43,029	\$ 44,712	\$ 48,526	\$ 39,061	\$ 39,418	\$ 41,649	\$ 326,038	\$ 90,006	\$ 73,211	\$ 163,217	\$ 489,255
Payroll Taxes	3,052	3,052	3,052	3,052	3,052	3,052	3,052	21,364	7,927	5,800	13,727	35,091
Employee Benefits	1,027	532	526	610	407	399	506	4,007	38,331	766	39,097	43,104
Total Personnel Costs	73,722	46,613	48,290	52,188	42,520	42,869	45,207	351,409	136,264	79,777	216,041	567,450
Fellowships and Playwright Payments	11,175	62,500	64,000	1,500	75,000	22,000	-	236,175	-	-	-	236,175
Production Costs	20,015	18,710	6,096	4,778	29,177	12,401	14,496	105,673	10,083	3,451	13,534	119,207
Building Maintenance/Repair	7,012	2,012	2,012	2,012	2,012	2,012	2,012	19,084	16,517	3,826	20,343	39,427
Travel	19,563	178	3	3	121	6	1,049	20,923	7,893	28	7,921	28,844
Other Artistic Costs	22,133	740	-	-	-	-	1,306	24,179	-	-	-	24,179
Contract Services	239	239	239	239	239	239	32,860	34,294	31,167	2,255	33,422	67,716
Occupancy	1,584	1,584	1,584	1,584	1,584	1,584	1,584	11,088	6,688	3,009	9,697	20,785
Miscellaneous	483	483	483	483	483	483	483	3,381	8,226	940	9,166	12,547
Insurance	316	316	317	317	317	317	317	2,217	14,474	603	15,077	17,294
Telephone	393	393	393	393	393	393	393	2,751	8,632	1,050	9,682	12,433
Publicity/Newsletter	5,250	-	-	-	300	654	-	6,204	3,685	828	4,513	10,717
Printing	64	64	64	3,024	64	64	64	3,408	4,826	121	4,947	8,355
Supplies	117	21	21	21	21	21	21	243	5,986	40	6,026	6,269
Subscriptions and Staff Development	-	-	-	-	-	-	-	-	7,429	5	7,434	7,434
Postage	900	-	-	-	-	-	-	900	2,179	831	3,010	3,910
Personnel Search	-	-	-	-	-	-	-	-	220	-	220	220
Depreciation	20,727	5,230	3,324	(98)	4,713	2,129	3,162	39,187	5,022	2,237	7,259	46,446
Total Expense	\$ 183,693	\$ 139,083	\$ 126,826	\$ 66,444	\$ 156,944	\$ 85,172	\$ 102,954	\$ 861,116	\$ 269,291	\$ 99,001	\$ 368,292	\$ 1,229,408

The accompanying Notes to Financial Statements
are an integral part of this statement.

THE PLAYWRIGHTS' CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$ 338,820	\$ 438,709
Promises to Give	267,427	345,934
Prepaid Expenses	17,408	6,136
Total Current Assets	<u>623,655</u>	<u>790,779</u>
Investments	443,550	712,154
Promises to Give	156,000	156,000
Property and Equipment	526,881	573,137
TOTAL ASSETS	<u>\$ 1,750,086</u>	<u>\$ 2,232,070</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued Liabilities	\$ 48,949	\$ 10,475
Grants Payable	233,000	225,000
Deferred Income	680	6,470
Total Current Liabilities	<u>282,629</u>	<u>241,945</u>
Net Assets:		
Unrestricted:		
Designated - Operating Reserve	109,815	102,550
Undesignated	848,083	847,932
Total Unrestricted	<u>957,898</u>	<u>950,482</u>
Temporarily Restricted	459,559	989,643
Permanently Restricted	50,000	50,000
Total Net Assets	<u>1,467,457</u>	<u>1,990,125</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,750,086</u>	<u>\$ 2,232,070</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE PLAYWRIGHTS' CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (522,668)	\$ 40,607
Total Adjustments	<u>146,286</u>	<u>(240,908)</u>
Net Cash (Used) by Operating Activities	(376,382)	(200,301)
Cash Flows from Investing Activities:		
Proceeds from the Sale of Investments	580,689	1,308,113
Purchase of Investments	<u>(304,196)</u>	<u>(1,018,591)</u>
Net Cash Provided by Investing Activities	276,493	289,522
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(99,889)	89,221
Cash and Cash Equivalents - Beginning of Year	<u>438,709</u>	<u>349,488</u>
Cash and Cash Equivalents - End of Year	<u>\$ 338,820</u>	<u>\$ 438,709</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies

Organizational Purpose

The Playwrights' Center, Inc. (the Organization) is a nonprofit corporation. It was founded in 1971 when a handful of playwrights began meeting to support one another creatively and professionally, and to challenge the local theater community to produce more new work. The Organization gained tax exempt status in September 1975 and incorporated in July 1980.

The Organization's mission is to champion playwrights and new plays to build upon a living theater that demands new and innovative work. One of the nation's most generous and well-respected theater organizations, the Organization focuses on both supporting playwrights and moving new plays toward production at theaters across the country. The Organization has helped launch the careers of numerous nationally recognized artists, and work developed through its programs has been seen on stages nationwide.

The Organization's primary programs are as follows:

Core Writers: The Core Writer program gives 25-30 playwrights from across the country the time and tools to develop new works for the stage. All Core Writers receive play development workshops at the Center in collaboration with prominent directors, actors, dramaturgs, and designers. Selected work by Core Writers makes up the formal season of public readings: the annual PlayLabs festival and Ruth Easton New Play Series. The Center also promotes Core Writers and gives them opportunities to connect with producing theaters, colleges, and universities through the Regulars and New Plays on Campus programs.

Fellowships: Made possible by the McKnight and Jerome foundations, fellowships provide more than \$315,000 each year for residencies, commissions, and development funds. Through these fellowships, the Playwrights' Center functions as a home for: two Minnesota-based McKnight Fellows in Playwriting; one nationally-based McKnight National Residency and Commission fellow; three McKnight Theater Artist fellows; four nationally-based Jerome fellowships for emerging playwrights; two Many Voices fellows of color (one Minnesota-based); and two Minnesota-based Many Voices mentees of color.

Membership: Membership is open to all and provides more than 1,500 playwrights worldwide with tools, resources, and support. Benefits include a database of playwriting opportunities, online and in-person classes and seminars, access to readings with professional actors, dramaturgical services, and more. In addition, the Playwrights' Center's New Plays on Campus program serves dozens of colleges and universities nationwide, providing script-matching services, arranging playwright residencies, and offering immersive apprenticeships to student playwrights.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Partnerships: Partnership projects elevate the role of living playwrights. The Organization works with several theaters each year to develop work for their stages. Recent partners have included Tectonic Theater Project, Mixed Blood Theatre, Actors' Theatre of Louisville, The Public Theater (NY), Goodman Theater (Chicago, IL), Oregon Shakespeare Festival, Guthrie Theater, Ten Thousand Things Theater Company, Berkeley Rep, Marin Theatre Company, Seattle Repertory Theatre, and others. The Organization also collaborates with local community organizations such as Jazz88 KBEM and Minnesota Historical Society to develop theater that enriches their programming.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as part of unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be satisfied by actions of the Organization.

Permanently Restricted – Those resources subject to a donor-imposed stipulation that they should be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Organization carries its investments at market value.

Member Fees

Member fees are recognized as revenue when received.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Receivables and Doubtful Accounts

The Organization extends credit to its customers on terms it establishes for individual customers and grantors. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Receivables are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Property and Equipment

All major expenditures for property and equipment in excess of \$1,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Grants Payable

Grants payable consists of awards and grants approved for various playwrights and fellowships. Grants payable and expenses are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations of expenses between categories must be made. When allocations are required, they are based on the best estimates of management

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending June 30, 2013 and later remain subject to examination by the Internal Revenue Service.

Use of Estimates

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior year comparative totals have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through November 16, 2016, which is the date financial statements were available to be issued.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

2. Significant Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to the financial stability of the contributors.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2016 and 2015, the Organization held funds at a local financial institution in excess of federally insured limits.

3. Investments

Investments were comprised of the following as of:

	June 30,			
	2016		2015	
	Cost	Market	Cost	Market
Money Market Funds	\$ 443,550	\$ 443,550	\$ 447,259	\$ 447,259
Certificates of Deposit	-	-	265,000	264,895
Total	\$ 443,550	\$ 443,550	\$ 712,259	\$ 712,154

Investment income was as follows as of:

	June 30,	
	2016	2015
Interest and Dividend Income	\$ 412	\$ 321
Net Realized and Unrealized (Loss)	(111)	(537)
Total	\$ (301)	\$ (216)

4. Fair Value

The Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes.

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

4. Fair Value (continued)

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 443,550	\$ -	\$ -	\$ 443,550
Certificates of Deposit	-	-	-	-
Total	<u>\$ 443,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,550</u>

June 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 447,259	\$ -	\$ -	\$ 447,259
Certificates of Deposit	264,895	-	-	264,895
Total	<u>\$ 712,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,154</u>

5. Promises-to-Give

Promises-to-Give at June 30, 2016 are expected to be collected as follows:

Due in the Year Ending June 30,	
2016	\$ 267,427
2017	<u>156,000</u>
Total	423,427
Less Current Portion	<u>267,427</u>
Long-term Portion	\$ 156,000

THE PLAYWRIGHTS' CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

6. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2016</u>	<u>2015</u>	
Building Improvements	\$ 1,191,535	\$ 1,191,535	5-30 years
Furniture and Equipment	<u>75,671</u>	<u>75,671</u>	5 years
	1,267,206	1,267,206	
Less Accumulated Depreciation	<u>740,325</u>	<u>694,069</u>	
	<u>\$ 526,881</u>	<u>\$ 573,137</u>	

Depreciation expense of \$46,256 and \$46,446 was recorded for the years ended June 30, 2016 and 2015, respectively.

7. Pension Plan

The Organization adopted a Simple IRA contribution plan and matches an employee's pre-tax contribution up to three percent of the employee's salary. Total retirement expense for the Organization was approximately \$7,691 and \$2,719 for the years ended June 30, 2016 and 2015, respectively.

8. Leased Equipment

Rental commitments under a noncancelable lease for office equipment in effect at June 30, 2016, total \$14,785. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2017	\$ 9,719
2018	4,676
2019	<u>390</u>
	<u>\$ 14,785</u>

Rental expense was \$12,347 and \$7,393 for the years ended June 30, 2016 and 2015, respectively.

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9. Temporarily Restricted Net Assets

The purpose of temporarily restricted net assets is to account for revenue committed but not yet spent for the purpose intended by the donor. Temporarily restricted net assets included the following as of:

	June 30,	
	2016	2015
McKnight Theater Fellowship	\$ 315,000	\$ 392,000
Jerome Fellowship	80,000	16,000
Many Voices	47,000	95,000
Waring Jones – Facility Improvements	17,559	25,557
Developmental Activities	-	185,000
McKnight Fellowship	-	89,000
Administrative, including time restricted	-	80,000
MSAB Arts and Heritage Fund	-	78,086
The Lab	-	25,000
MAG Fellowship	-	4,000
Others	-	-
Less discount to present value	-	-
	\$ 459,559	\$ 989,643

10. Permanently Restricted Net Assets

Permanently restricted net assets are designated by the donor to be held in perpetuity and the income each on investing the funds used for the donor's designated purpose. Permanently restricted net assets included the following as of:

	June 30,	
	2016	2015
The Ruth Easton Fund for The Lab	\$ 50,000	\$ 50,000

11. Related Party Transactions

The Playwrights' Theater Corporation (PTC) leases land and a building for program purposes to the Organization for \$1 per year. Under this agreement the Organization has the right to use the property for ten years with an option to renew the lease three times, each for ten-year intervals. The Organization renewed the lease on December 14, 2012 for the second of the three ten-year options.

PTC was formed in 1991 for the purpose of owning the building occupied by the Organization. PTC is an organization described in Internal Revenue Code Section 501(c)(3) as a supporting organization within the meaning of Section 509(a)(3) of the Code. One member of its Board of Directors must also be on the Board of Directors of the Organization.

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12. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Depreciation	\$ 46,256	\$ 46,446
Unrealized Loss on Investment	111	537
Promises to Give Long-term	-	(55,093)
Increases (Decreases) in Current Liabilities:		
Accrued Expense	38,474	(2,661)
Deferred Income	(5,790)	4,690
Decreases (Increases) in Current Assets:		
Promises to Give	78,507	(234,748)
Prepaid Expenses	(11,272)	(79)
Total Adjustments	<u>\$ 146,286</u>	<u>\$ (240,908)</u>