

Print

**Final Grant Report - Submission #74036**

Date Submitted: 10/16/2017

**City of McKinney Arts Commission**

When your Arts-Commission-funded project is complete, please submit this form and the following two items within thirty days after the event or season, depending on the type of event. These items must be submitted electronically.

- 1) A detailed Final Project Report covering all receipts and expenditures for the funded project.
- 2) A narrative report of the project.

Please review carefully before submitting. Final Grant Reports may only be submitted once.

Grantee Name*	Grant Amount*
McKinney Youth Theatre	\$1,604.17

**Email \***

sakers@ntpa.org

**Event(s)**

Name of Event*	Date & Time of Event*	Location of Event *	More Events?
Fall Elementary Classes (5)	Fall 2016	Church Street	<input checked="" type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
"13" 8 performances	October 2016	Church Street	<input checked="" type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
Elf 8 performances	December 2016	Church Street	<input checked="" type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
Jungle Book 8 performances	September 2016	Church Street	<input checked="" type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
free outreach	1st Monday - Sept - Dec	Church Street	<input checked="" type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
			<input type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
			<input type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
			<input type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event	More Events?
			<input type="radio"/> Yes <input type="radio"/> No

Name of Event	Date & Time of Event	Location of Event

**Total Revenue**  
 Include grant award funds.

Budget*	Actual*
1512875	1496360

**Total Expenses**

Budget\*

1507758

Actual\*

1368399

Total Number in Attendance\*

150,000

Number of Performances\*

521 across all theatres, 3 in McKinney in the fall 2016

Total Number of Tickets Sold\*

44079

Number of Tickets Comped\*

3,000

**Promotion**

Did you include in all promotion, publicity and advertising the following line: "This project is funded in part by the City of McKinney through the City of McKinney Arts Commission."

Choose One\*

- Yes
- No

If no, why not?

**Logo**

Did you use the City of McKinney logo on printed material?

Choose One\*

- Yes
- No

If no, why not?

**Goals**

How successful was your event in accomplishing the Arts Commission goal, "To create a vibrant and viable arts community in which diverse, high quality arts opportunities are available to McKinney residents and visitors?"

Choose One\*

- Very Successful
- Somewhat Successful
- Not Successful

**Comments**

Our Fiscal Year is October 1-September 30th. Our audit for 2017-2017 will be available in the spring.

**Attach Financial Report\***

AU093016.FINAL.PDF

**Attach Narrative Summary\***

McKinney Youth Theatre 2016-2017 Final Report  
Narrative.docx

**Receipts**

Browse...

**Additional Attachments**

Browse...

**Additional Attachments**

PCT Form 990 2015-2016.pdf



**Plano Children's Theatre  
d/b/a North Texas Performing Arts**

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**Financial Statements  
September 30, 2016**

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
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## **Independent Auditors' Report**

The Board of Directors of  
Plano Children's Theatre d/b/a North Texas Performing Arts

We have audited the accompanying financial statements of the Plano Children's Theatre d/b/a North Texas Performing Arts (a nonprofit organization) which comprise the statement of financial position as of September 30, 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 misstatements 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 Plano Children's Theatre d/b/a North Texas Performing Arts as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

***Correction of Error***

As described in Note 2 to the financial statements, an error resulting in an overstatement of accounts receivable as of September 30, 2015 was discovered by management of Plano Children's Theatre d/b/a North Texas Performing Arts during the current year. Accordingly, unrestricted net assets were restated as of October 1, 2015. Our opinion is not modified with respect to that matter.

*Sutton Frost Cary*  
A Limited Liability Partnership

Arlington, Texas  
April 18, 2017



**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Statement of Financial Position**  
**As of September 30, 2016**

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**Assets**

<b>Current assets:</b>	
Cash	\$ 34,379
Unconditional pledges receivable	28,738
Accounts receivable	4,640
Prepaid expenses	<u>73,058</u>
<b>Total current assets</b>	<b>140,815</b>
 <b>Noncurrent assets:</b>	
Cash restricted for capital campaign	171,091
Deposits	2,325
Fixed assets, net	<u>48,937</u>
<b>Total noncurrent assets</b>	<u>222,353</u>
<b>Total assets</b>	<u><u>\$ 363,168</u></u>

**Liabilities and Net Assets**

<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 40,658
Deferred revenue	24,225
Line of credit	<u>95,000</u>
<b>Total current liabilities</b>	<b>159,883</b>
 Notes payable - director	 <u>34,424</u>
<b>Total liabilities</b>	<u>194,307</u>
 <b>Net assets:</b>	
Unrestricted	(2,230)
Temporarily restricted	<u>171,091</u>
<b>Total net assets</b>	<u>168,861</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 363,168</u></u>

See notes to financial statements.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and support</b>			
<b>Revenue</b>			
Tuition, net of discounts and scholarships of \$126,738	\$ 612,817	\$ -	\$ 612,817
Ticket sales	365,192	-	365,192
Merchandise sales	43,458	-	43,458
Rental income	11,891	-	11,891
Other income	12,391	-	12,391
Released from restrictions	9,468	(9,468)	-
<b>Total revenue</b>	<b>1,055,217</b>	<b>(9,468)</b>	<b>1,045,749</b>
<b>Support</b>			
Government grants	206,138	-	206,138
Contributions	134,596	120,302	254,898
Special events, net of direct costs of \$28,647	21,663	-	21,663
<b>Total support</b>	<b>362,397</b>	<b>120,302</b>	<b>482,699</b>
<b>Total revenue and support</b>	<b>1,417,614</b>	<b>110,834</b>	<b>1,528,448</b>
<b>Expenses</b>			
Program services	1,209,299	-	1,209,299
Management and general	159,722	-	159,722
Fundraising	22,301	-	22,301
<b>Total expenses</b>	<b>1,391,322</b>	<b>-</b>	<b>1,391,322</b>
<b>Increase in net assets</b>	<b>26,292</b>	<b>110,834</b>	<b>137,126</b>
<b>Net assets at beginning of year, as restated (See Note 2)</b>	<b>(28,522)</b>	<b>60,257</b>	<b>31,735</b>
<b>Net assets at end of year</b>	<b>\$ (2,230)</b>	<b>\$ 171,091</b>	<b>\$ 168,861</b>

See notes to financial statements.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2016**

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<b>Cash flows from operating activities:</b>	
Increase in net assets	\$ 137,126
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	10,324
Contributions restricted for capital campaign	(114,288)
Donated construction in progress	(14,000)
Changes in operating assets and liabilities:	
Accounts receivable	(42,995)
Unconditional pledges receivable	11,005
Prepaid expenses	(24,814)
Deposits	(1,000)
Accounts payable and accrued expenses	(12,178)
Deferred revenue	12,995
	<hr/>
<b>Net cash used by operating activities</b>	<b>(37,825)</b>
 <b>Cash flows from investing activities:</b>	
Increase in cash restricted for capital campaign	(114,288)
Purchases of fixed assets	(4,200)
	<hr/>
<b>Net cash used by investing activities</b>	<b>(118,488)</b>
 <b>Cash flows from financing activities:</b>	
Collections of contributions restricted for capital campaign	114,288
Draws on line of credit	66,000
Payments on note payable - director	(1,852)
	<hr/>
<b>Net cash provided by financing activities</b>	<b>178,436</b>
	<hr/>
<b>Net increase in cash</b>	<b>22,123</b>
 <b>Cash at beginning of year</b>	 <hr/> <b>12,256</b>
<b>Cash at end of year</b>	<b>\$ 34,379</b>
	<hr/> <hr/>
 <b>Supplemental cash flow information:</b>	
Cash paid during the year for interest	\$ 2,064
	<hr/> <hr/>

See notes to financial statements.

**Plano Children's Theatre  
d/b/a North Texas Performing Arts  
Notes to Financial Statements**

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## **1. Organization and Activities**

Plano Children's Theatre, d/b/a North Texas Performing Arts (NTPA), is a nonprofit organization incorporated in the state of Texas dedicated to developing the character of youth through quality arts education and family entertainment. NTPA's principal activities include theater productions, acting classes, and summer camps provided at locations throughout Plano, McKinney, and Frisco. NTPA's revenue and support come primarily from ticket sales, tuition, grants, corporate donors, and contributions from individuals.

## **2. Prior Year Restatement**

NTPA's net assets as of October 1, 2015 were restated to correct an error in accounts receivable. The effect of this restatement as of October 1, 2015 resulted in a decrease to unrestricted net assets of \$53,002.

## **3. Summary of Significant Accounting Policies**

### ***Basis of Accounting and Financial Statement Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor or grantor stipulations that will be met by actions of NTPA and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be maintained permanently by NTPA. Generally, the donors of these assets permit NTPA to use all or part of the income earned on related investments for general or specific purpose. There are no permanently restricted net assets at September 30, 2016.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Notes to Financial Statements**

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Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as the contributions were received are reported as unrestricted net assets.

***Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, accounts receivable and unconditional pledges receivable. NTPA places cash, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. NTPA has not experienced losses on such assets.

Accounts and unconditional pledges receivable are unsecured and due from individuals, a foundation and government entities. NTPA evaluates the collectability of receivables and maintains allowances for potential losses, if considered necessary. Management considers these accounts to be fully collectible at September 30, 2016.

***Contributions***

Unconditional promises to give or pledges receivable 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 future years are recorded at the present value of their estimated future cash flows. Contributions are recorded as revenue at the time an unconditional right to the gift has been established and the proceeds are measurable in amount. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated materials and equipment and use of facilities are reflected as contributions in the accompanying financial statements at their estimated fair value at date of receipt. Contributed services are reflected in the financial statements at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation.

***Revenue Recognition***

Student tuition and fees are recognized as revenue during the year the related services are rendered. Ticket sales are recognized at the time of the performance. Rental income is recognized when the rental service is performed. Revenue from pre-sold tickets and tuition is deferred and recognized as revenue in the year in which the performance or class to which they relate occurs. Government grants are recognized as support when the allowable costs are incurred.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Notes to Financial Statements**

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***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

***Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

***Income Taxes***

NTPA is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to NTPA's exempt purpose is subject to tax under IRC Section 511. NTPA had no unrelated business income for the year ended September 30, 2016. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing NTPA's tax return and recognition of a tax liability (or asset) if NTPA has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by NTPA, and has concluded that as of September 30, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements

***Fixed Assets***

NTPA capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporary restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, NTPA reports expirations of donor restrictions when the donated or acquired assets are placed in service. NTPA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Notes to Financial Statements**

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**Advertising**

NTPA expenses advertising costs as they are incurred. Advertising costs for the year ended September 30, 2016 totaled \$21,263.

**Risks and Economic Outlook**

NTPA operates in North Texas and, as such, is dependent upon the community's interest in children's theater and the willingness and ability of donors in the area to continue supporting NTPA. The ability of NTPA's donors to continue giving amounts comparable with prior years may be dependent, among other things, upon current and future overall economic conditions.

**4. Fixed Assets**

Fixed assets consist of the following at September 30, 2016:

Signage	\$ 7,718
Leasehold improvements	3,665
Furniture and equipment	58,984
Construction in progress	<u>14,000</u>
	84,367
Less: accumulated depreciation	<u>(35,430)</u>
Fixed assets, net	<u>\$ 48,937</u>

**5. Line of Credit**

NTPA has a line of credit with Legacy Bank, allowing for borrowings up to \$100,000 with a maturity date of December 2016. Interest accrues at the greater of 5% or the *Wall Street Journal* Prime Rate (3.25% at September 30, 2015) plus 1%. The line of credit is guaranteed by a board member. The outstanding balance on the line of credit at September 30, 2016 was \$95,000.

**6. Notes Payable - Director**

In 2009, the executive director loaned funds to NTPA to assist with cash flow. The note payable is due in installments of \$500 per month and accrues interest at 4% per year. At September 30, 2016 the outstanding balance on the note plus accrued interest was \$25,924.

**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Notes to Financial Statements**

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The executive director does not enforce the installment payment of the note if NTPA needs cash for other purposes.

In 2008, the executive director had foregone wages in order to assist NTPA with renovations of rehearsal and performance space. At September 30, 2016 NTPA owes \$8,500 to the executive director for back wages.

### **7. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30, 2016:

McKinney Youth Theatre Home Fund	\$ 118,452
Plano Capital Campaign	<u>52,639</u>
	<u>\$ 171,091</u>

### **8. In-kind Contributions**

NTPA received donations of various supplies, materials, and costumes and props during the year ended September 30, 2016. The estimated fair value of these donations of \$3,110 is reflected in the accompanying statement of activities as contributions and program expense.

NTPA received a substantial amount of services donated by citizens interested in NTPA programs. When contributed services either create or enhance the non-financial assets of NTPA or they provide specialized skills that NTPA would otherwise need to purchase, the amounts are reflected in the financial statements.

NTPA benefitted from approximately 2,350 volunteer hours of general labor related to program services. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the above criteria.

Donated services included in contributions in the accompanying statement of activities totaled \$24,876. Donated services included marketing expense of \$10,876 and capitalized architecture services of \$14,000.



**Plano Children's Theatre**  
**d/b/a North Texas Performing Arts**  
**Notes to Financial Statements**

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**9. Leases**

NTPA leases office, rehearsal and performance space and office equipment under non-cancelable operating lease agreements that expire at various dates through January 2027. Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows for the years ending September 30:

2017	\$ 149,396
2018	91,522
2019	62,455
2020	62,455
2021	62,455
Thereafter	444,992

Rent expense under these leases totaled \$124,548 for the year ended September 30, 2016.

**10. Grant Compliance**

Grants require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although a possibility, the board of directors deems the contingency remote. For the fiscal year ending September 30, 2016, conditions of all grants were fulfilled by NTPA.

**11. Subsequent Events**

Management has evaluated subsequent events after the statement of financial position date through April 18, 2017, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.



## MCKINNEY YOUTH THEATRE FINAL REPORT 2016-2017

In 2005, the City of McKinney contacted Plano Children's Theatre and recruited us to bring our training program to McKinney. With the City of McKinney and McKinney Cultural Arts Commission's financial support, McKinney Youth Theatre was born.

The first year we had three shows, the following year 4, and the program grew and grew until finally McKinney Youth Theatre was the largest art organization in McKinney. We performed at MPAC, Heard Craig Hall (now Church Street Hall), and Old Settler's Recreation Center. We offered 8-11 major productions a year, over 48 performances, a full summer program, elementary and production classes. In addition, we offered free community outreach such as free acting, dance, and improvisation workshops to the community. We produced the best of Broadway musicals and dramatic literature.

Led by professionals and made possible by our volunteers, McKinney Youth Theatre volunteers donated their precious time, talent and resources by serving on the McKinney Youth Theatre Management Board, Governing Board, production teams, and fundraising for events.

Since 2012, our Board of Directors and patrons have been raising capital campaign funds and searching for a permanent home in McKinney. While McKinney Performing Arts Center and Church Street Hall are lovely venues, neither had enough available space to accommodate the demand from our students. Early in 2015, we approached McKinney Community Development Corporation and the City of McKinney about the desperate need for a permanent home. Unfortunately, neither was able to assist us. In addition, we contacted every landlord in McKinney with suitable space; but the rental costs made the move prohibitive.

In the spring of 2016, The Town of Fairview called and offered to award us a grant and a below market retail space for McKinney Youth Theatre. After consulting our McKinney Youth Theatre patrons, we accepted Fairview's offer. Our McKinney Youth Theatre patrons raised more money and served as the volunteer design, build, and fundraising team. Our Fairview Youth Theatre opened in January of 2017 debt free.

2016-2017 was a very successful and eventful year. We produced 21 major productions, each having 6-8 performances at Church Street Hall and in our new home in Fairview Texas. The productions (see enclosed table) ranged from popular titles such as *Les Mis* and *Mary Poppins* to challenging dramatic scripts such as *The Scottish Play* (the one that can't be named!) and the *Complete Works of Shakespeare*. In 2016, North Texas Performing Arts (dba of all our theatres):

- Donated over 3,000 tickets to schools and non profits
- Awarded over \$125,000 in scholarships for students to attend our programs
- Trained over 4,000 youth from Dallas, Collin, Grayson, and Denton Counties

1301 CUSTER ROAD, SUITE 706, PLANO, TX 75075

☎ 972.422.2575 🌐 NORTHTEXASPERFORMINGARTS.ORG



In the ten months we have been at Fairview, we have more than doubled the number of productions produced and doubled our revenue. More important than the revenue is the response from our patrons who for so many years wanted a home of their own. They are so happy.

In addition, Starwood Retail Group and The Shops of Willow Bend have given North Texas Performing Arts a new corporate home at the Shops of Willow Bend. Our new 25,000 square foot space will host 4 theatres, offices, rehearsal, set and costume rooms. Their generous inkind gift represents a \$1,000,000 gift to NTPA.

We would like to thank the City of McKinney and the McKinney Cultural Arts Commission for their support through the years. We wouldn't have Fairview Youth Theatre if not for the McKinney's early generous support. For many years, the City's gift of \$20,000 a year to MYT made it possible for us to award over \$6,000 in scholarships each year and free programming. At this time, we are building capacity at our Fairview home, but hope to one day offer programs in McKinney again.

I understand that for the past few years, the Cultural Arts Commission decided to favor new organization instead of supporting more established organizations. While commendable, this new philosophy hurts the non profits who have historically served more patrons in the City of McKinney and who kept residents and non residents in McKinney shopping and dining in McKinney.

We wish you the very best.

Sara Egelston Akers  
Founder, Executive Director  
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