

November 20, 2007

TO: HBPH Board of Directors

FROM: April Gentry, Treasurer

RE: TREASURER'S NOTES FOR BOARD MEETING

1. I was behind on completing the bank reconciliations. I deeply apologize to the board and the membership for my tardiness. I will make a commitment to complete these bank reconciliations on a timely basis for each board meeting in the future.

Board's response: Thank you.

2. There are several checks and deposits that have not yet cleared the bank as of October 31st 2007. Bettie, please look into this; attached is a list of those outstanding checks and Deposits-in-Transit (uncleared deposits).

Board's response: Business Manager agreed to look into this matter and get back to the Treasurer with her findings as soon as possible.

3. We need to verify that we have completed W9s for all vendors who will be receiving a 1099 for 2007 work performed. This includes but not limited to lawyers, accountants, technicians, actors, directors, costume rental companies, Joe Syiek \$3000(for legal reimbursement), Ace World Wide Storage (\$3000), printers, photographer, etc. I will be running the 1099s BY 1/31/08 (date they are due by postmark).

Board's response: Business Manager agreed to work on this task but requested a list of the vendors requiring a W9. Treasurer promised to provide her with that list.

4. CK 7273 to Patricia Sullivan dated 9/4/07 for \$255.00 for PPE 9/2. Patricia was added on p/r on 9/16.

Board's response: Business Manager confirmed that Patricia, our part-time Facilities Manager, was added to the payroll rather than continuing to pay her as a contractor.

5. The Verizon bill for the annex office runs about \$110 a month. This seems high for only one phone line or does it include two?

Board's response: Business Manager clarified that the Verizon bill was for two lines at the annex (voice line and fax line). Board confirmed that the price was fair.

6. Philadelphia Insurance Companies; what kind of insurance is this? What are all of our policies cover?

Board's response: Business Manager indicated that she would email the Treasurer a list of the names and types of insurance policies currently held by the Playhouse.

7. A large amount of money was paid out in October for royalties to Best Little Whorehouse; however, the offsetting income is not yet captured. Since we have been on accrual accounting for several years now, we need to determine how best to capture expenses in the correct year. The royalties for a future-year show should more than likely be classed as an asset under Pre-paid Expenses and be reflected on the Balance

Sheet. As should the monies we will be receiving for season ticket sales this year, for 2008 season. We need to discuss this as a board and run it by the CPA.

Board's response: The Board agreed.

8. Ten months ended 10/31/07 Gross income for 2007 is down 18.4% from this time last year. Gross Profit for 2007 is down 21.3% from last year.

Board's response: Significant discussion took place on this fact.

9. Rent down 43.2% from this time last year. This does not look right; will have to look into this. See also rent/Rent/annex under Expense farther down the P&L.

Board's response: Board asked Treasurer to continue to investigate this issue and to evaluate the appropriateness of the various rent related accounts.

10. Postage down 54% from last year. This is probably due to the delay in mailing out the season flyer.

Board's response: Business Manager confirmed that fact that the delay in mailing the season flyers is the major contributing factor to the decrease in postage. Since the flyers will be mailed before the next meeting we can expect to see a sharp increase in this expense account.

11. Stage manager and assistant fees went up 118.8 and 256.3% respectively this year from last. Why is this?

Board's response: Board clarified that at the end of 2006, the fees that we were paying to the paid production crew members was evaluated and adjusted to meet the going market rates.

12. Light board operator up 86.5% from last year. Why?

Board's response: See response to #11 above.

13. Legal fees up 1972% from last year.

Board's response: This is solely due to Joe Syiek suing the Playhouse for removing him from the Board.

14. Net income is down 66.1% from last year. A good portion of this is due to legal fees.

Board's response: Board discussed how the extraordinary costs associated with the legal issues being dealt with this year have had a profound negative effect on our financial condition this year. All agreed that now that our legal issues are behind us, we must redirect our energies to improving our financial situation.

I would like permission from the board to re-assess my initial offer to clean up the Chart of Accounts in QB to better reflect the playhouse's needs.

Board's response: Board authorized Treasurer to clean up the Chart of Accounts in QuickBooks.

April Gentry

Huntington Beach, CA