

**Accounting for Lawyers:  
Upstage Theater Company Handout**

The Upstage Theater Company (UTC) is a non-profit community theater group that puts on several plays each year. On December 31, 2001, the Company had the following balance sheet.

| <b>Assets</b>            |                 | <b>Liabilities and Surplus</b> |                 |
|--------------------------|-----------------|--------------------------------|-----------------|
| Cash                     | \$ 2,000        | <u>Bank Loan</u>               | <u>\$ 4,000</u> |
| <u>Costumes and Sets</u> | <u>\$ 3,000</u> | Total Liabilities              | \$ 4,000        |
| Total Assets             | \$ 5,000        | Surplus                        | \$ 1,000        |

In the course of 2002, the following events occurred. The company would like your advice on how to account for these transactions.

1. At the beginning of the year, an anonymous donor makes an unrestricted gift of \$1,000 to UTC.
2. The company spends \$1,000 on costumes and sets for the coming season.
3. Over the course of the year, the company sells \$3,000 of tickets for the year's performances.
4. Over the course of the year, the company spends \$1,000 on the rental of auditoriums and other costs associated with putting on the year's productions.
5. Towards the end of the year, the company launches a new initiative to make advance sales of tickets for the next year's season. \$1,000 in advance sales are made.