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Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

2011

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2011 calendar year, or tax year beginning		, 2011, and ending		, 20
B Check if applicable		C Name of organization		D Employer identification number
<input type="checkbox"/> Address change		QUALITY HILL PRODUCTIONS		43-1725412
<input type="checkbox"/> Name change		Doing Business As QUALITY HILL PLAYHOUSE		
<input type="checkbox"/> Initial return		Number and street (or P O box if mail is not delivered to street address)		Room/suite
<input type="checkbox"/> Terminated		303 W 10TH ST		
<input type="checkbox"/> Amended return		City or town, state or country, and ZIP + 4		
<input type="checkbox"/> Application pending		KANSAS CITY, MO 64105-1615		G Gross receipts \$ 1,035,218
		F Name and address of principal officer		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		J. KENT BARNHART 419 W 10TH ST, KANSAS CITY, MO 64105		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status		<input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website:		► www.QualityHillPlayhouse.com		H(c) Group exemption number ►
K Form of organization		<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►	L Year of formation	1995
				M State of legal domicile MO

Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: QUALITY HILL PLAYHOUSE IS DEDICATED TO EXCELLENCE IN THE LIVE PERFORMANCE OF WORKS FROM MUSICAL THEATRE AND THE AMERICAN SONGBOOK, EMPLOYING THE FINEST LOCAL TALENT, AND CONTRIBUTING TO KANSAS CITY'S CULTURAL AND ECONOMIC LANDSCAPE.		
Revenue	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	12
Expenses	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	32
Net Assets or Fund Balances	6 Total number of volunteers (estimate if necessary)	6	120
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0
		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	378,635	412,162
	9 Program service revenue (Part VIII, line 2g)	581,916	521,582
Expenses	10 Investment income (Part VIII, column (A), lines 3, 4, and 20)	88	43
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	(27,356)	(22,640)
Net Assets or Fund Balances	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	933,283	911,147
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
Sign Here	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	567,761	552,260
Paid Preparer Use Only	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ► 79,815		
Signature Block	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	681,478	558,553
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	1,249,239	1,110,813
	19 Revenue less expenses. Subtract line 18 from line 12	(315,956)	(199,666)
		Beginning of Current Year	End of Year
Sign Here	20 Total assets (Part X, line 16)	1,879,521	1,584,086
	21 Total liabilities (Part X, line 26)	619,232	523,463
Paid Preparer Use Only	22 Net assets or fund balances. Subtract line 21 from line 20	1,260,289	1,060,623

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	<i>Rick Truman</i>	Date			
	Signature of officer				
	<i>RICK TRUMAN, MANAGING DIRECTOR</i>				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►		Firm's EIN ►		
	Firm's address ►		Phone no		

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

S-17 10

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

QUALITY HILL PLAYHOUSE IS DEDICATED TO EXCELLENCE IN THE LIVE PERFORMANCE OF WORKS FROM MUSICAL THEATRE AND THE AMERICAN SONGBOOK, EMPLOYING THE FINEST LOCAL TALENT, AND CONTRIBUTING TO KANSAS CITY'S CULTURAL AND ECONOMIC LANDSCAPE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 877,273 including grants of \$) (Revenue \$ 521,582)

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)
(Expenses \$ **including grants of \$**) (Revenue \$)

4e Total program service expenses ► 877,273

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1 ✓	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2 ✓	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3 ✓	
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4 ✓	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5 ✓	
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6 ✓	
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7 ✓	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8 ✓	
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9 ✓	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10 ✓	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a ✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b ✓	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c ✓	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d ✓	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e ✓	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f ✓	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a ✓	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b ✓	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13 ✓	
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a ✓	
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b ✓	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15 ✓	
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16 ✓	
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17 ✓	
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18 ✓	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19 ✓	
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a ✓	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b ✓	

Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	✓
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	✓
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a	✓
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	✓
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	✓
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	✓
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b	✓
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	✓
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27	✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):	28a	✓
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	✓
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	✓
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	29	✓
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30	✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31	✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32	✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33	✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	34	✓
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35a	✓
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35b	✓
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36	✓
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37	✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O		

Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	5
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	32
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note.</i> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	✓
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	✓
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? b If "Yes," enter the name of the foreign country: ► See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	4a	✓
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	✓
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7b	✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	✓
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	✓
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?	10a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	10b	
10	Section 501(c)(7) organizations. Enter:	11a	
a	Initiation fees and capital contributions included on Part VIII, line 12	11b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	12a	
11	Section 501(c)(12) organizations. Enter:	12b	
a	Gross income from members or shareholders	13a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	13b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	13c	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	14a	✓
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	14b	
a	Is the organization licensed to issue qualified health plans in more than one state? <i>Note.</i> See the instructions for additional information the organization must report on Schedule O.		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14b	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year.	1a	12
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	✓
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3	✓
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	✓
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	✓
6	Did the organization have members or stockholders?	6	✓
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	✓
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	✓
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:	8a	✓
a	The governing body?	8b	✓
b	Each committee with authority to act on behalf of the governing body?	9	✓
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	✓
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	✓
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.	12a	✓
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12b	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12c	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	13	✓
13	Did the organization have a written whistleblower policy?	14	✓
14	Did the organization have a written document retention and destruction policy?	15a	✓
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?	15b	✓
a	The organization's CEO, Executive Director, or top management official	16a	✓
b	Other officers or key employees of the organization	16b	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17	List the states with which a copy of this Form 990 is required to be filed ► MISSOURI
18	Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
	<input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► RICK TRUMAN, 303 W 10TH ST, KANSAS CITY, MO 64105-1615

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

 Check if Schedule O contains a response to any question in this Part VII
Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		or director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated	Former		
(1) SHELLY FREEMAN PRESIDENT	5	✓			✓				0	0
(2) DEBORAH HAYS DIRECTOR	1	✓							0	0
(3) SUSIE HEDDENS DIRECTOR	1	✓							0	0
(4) SARAH HIGDON DIRECTOR	1	✓							0	0
(5) SHARON ORR DIRECTOR	1	✓							0	0
(6) DOLORES OTTO SECRETARY	5	✓		✓					0	0
(7) WILLIAM H SHACKELFORD III DIRECTOR	1	✓							0	0
(8) MIMSY WINSTON DIRECTOR	1	✓							0	0
(9) J KENT BARNHART EXECUTIVE DIRECTOR	40	✓							76,500	0
(10)										11,885
(11)										
(12)										
(13)										
(14)										

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		or director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total							►	76,500	0	11,885
c Total from continuation sheets to Part VII, Section A							►	0	0	0
d Total (add lines 1b and 1c)							►	76,500	0	11,885

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 0

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	✓
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	✓
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►

Statement of Revenue			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514				
Contributions, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a 6,457								
	b Membership dues . . .	1b 0								
	c Fundraising events . . .	1c 82,629								
	d Related organizations . . .	1d 0								
	e Government grants (contributions)	1e 0								
	f All other contributions, gifts, grants, and similar amounts not included above	1f 323,076								
	g Noncash contributions included in lines 1a-1f \$									
h Total. Add lines 1a-1f . . . ►	412,162									
Program Service Revenue	2a Theatrical production admissions	Business Code 711110								
	b									
	c									
	d									
	e									
	f All other program service revenue .									
	g Total. Add lines 2a-2f . . . ►	521,582								
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) . . . ►		43	0	0	43				
	4 Income from investment of tax-exempt bond proceeds ►		0	0	0	0				
	5 Royalties		0	0	0	0				
	6a Gross rents . . .	(i) Real								
	b Less rental expenses	(ii) Personal								
	c Rental income or (loss)									
	d Net rental income or (loss) ►									
	7a Gross amount from sales of assets other than inventory	(i) Securities					0	0	0	0
	b Less cost or other basis and sales expenses .	(ii) Other								
	c Gain or (loss) . . .									
	d Net gain or (loss) ►									
	8a Gross income from fundraising events (not including \$ 82,629 of contributions reported on line 1c). See Part IV, line 18	a 101,085								
b Less: direct expenses	b 124,071									
c Net income or (loss) from fundraising events . ►	(22,986)									
9a Gross income from gaming activities. See Part IV, line 19	a									
b Less: direct expenses	b									
c Net income or (loss) from gaming activities . . . ►	0									
10a Gross sales of inventory, less returns and allowances	a									
b Less: cost of goods sold	b									
c Net income or (loss) from sales of inventory . . . ►	0									
Miscellaneous Revenue	Business Code									
11a State compensation deductions		241	241	0	0					
b Uncashed checks		105	105	0	0					
c										
d All other revenue										
e Total. Add lines 11a-11d . . . ►	346									
12 Total revenue. See instructions. ►	911,147	521,928	0	43						

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0	0		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	0	0		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	88,385	70,708	8,839	8,839
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	363,755	260,467	46,209	57,077
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	12,421	10,566	822	1,034
9	Other employee benefits	53,914	44,972	3,974	4,969
10	Payroll taxes	33,785	24,685	4,133	4,967
11	Fees for services (non-employees):				
a	Management	0	0	0	0
b	Legal	0	0	0	0
c	Accounting	8,789	0	8,789	0
d	Lobbying	0	0	0	0
e	Professional fundraising services. See Part IV, line 17	0			
f	Investment management fees	0	0	0	0
g	Other	6,912	6,912	0	0
12	Advertising and promotion	167,891	167,891	0	0
13	Office expenses	60,564	50,517	9,386	661
14	Information technology	13,060	10,071	2,865	124
15	Royalties	15,663	15,663	0	0
16	Occupancy	24,000	21,120	2,760	120
17	Travel	0	0	0	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	3,362	3,362	0	0
20	Interest	18,543	0	18,543	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	181,071	137,614	41,646	1,811
23	Insurance	25,030	20,195	4,634	201
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	Production expenses-costumes, set, etc.	28,527	28,527	0	0
b	Dues, memberships and subscriptions	3,972	3,116	856	0
c	Uncollectible accounts	1,169	888	269	12
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e	1,110,813	877,273	153,725	79,815
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	56,283	1	39,356
	2 Savings and temporary cash investments	0	2	0
	3 Pledges and grants receivable, net	201,487	3	134,759
	4 Accounts receivable, net	63,373	4	30,610
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	0	8	0
	9 Prepaid expenses and deferred charges	6,373	9	8,427
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	1,820,564		
	b Less accumulated depreciation	10b 449,630	1,552,005	10c 1,370,934
	11 Investments—publicly traded securities	0	11	0
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
	15 Other assets. See Part IV, line 11	0	15	0
	16 Total assets. Add lines 1 through 15 (must equal line 34)	1,879,521	16	1,584,086
Liabilities	17 Accounts payable and accrued expenses	40,487	17	69,867
	18 Grants payable	0	18	0
	19 Deferred revenue	203,745	19	153,596
	20 Tax-exempt bond liabilities	0	20	0
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	375,000	24	300,000
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0	25	0
	26 Total liabilities. Add lines 17 through 25	619,232	26	523,463
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	681,079	27	416,280
	28 Temporarily restricted net assets	579,210	28	644,343
	29 Permanently restricted net assets	0	29	0
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds	0	30	0
	31 Paid-in or capital surplus, or land, building, or equipment fund	0	31	0
	32 Retained earnings, endowment, accumulated income, or other funds	0	32	0
	33 Total net assets or fund balances	1,260,289	33	1,060,623
	34 Total liabilities and net assets/fund balances	1,879,521	34	1,584,086

Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

1 Total revenue (must equal Part VIII, column (A), line 12)

2 Total expenses (must equal Part IX, column (A), line 25)

3 Revenue less expenses. Subtract line 2 from line 1

4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))

5 Other changes in net assets or fund balances (explain in Schedule O)

6 Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))

1	911,147
2	1,110,813
3	(199,666)
4	1,260,289
5	0
6	1,060,623

Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:

Separate basis Consolidated basis Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a	✓	
2b	✓	
2c	✓	
3a		✓
3b		

Public Charity Status and Public Support

2011

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Name of the organization

QUALITY HILL PRODUCTIONS

Employer identification number

43-1725412

Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h

a <input type="checkbox"/> Type I	b <input type="checkbox"/> Type II	c <input type="checkbox"/> Type III—Functionally integrated	d <input type="checkbox"/> Type III—Other
--	---	--	--
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	<input type="checkbox"/>
(ii) A family member of a person described in (i) above?	<input type="checkbox"/>
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	<input type="checkbox"/>
- h Provide the following information about the supported organization(s).

11g(i)	<input type="checkbox"/>
11g(ii)	<input type="checkbox"/>
11g(iii)	<input type="checkbox"/>

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?	(v) Did you notify the organization in col (i) of your support?	(vi) Is the organization in col (i) organized in the U.S.?	(vii) Amount of support	Yes	No	Yes	No	Yes	No
							Yes	No	Yes	No	Yes	No
(A)												
(B)												
(C)												
(D)												
(E)												
Total												

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 33 1/3% support test—2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► <input type="checkbox"/>		

Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.)

(If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	1,474,106	714,195	358,258	378,635	412,162	3,337,356
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . .	632,706	430,567	443,386	581,916	521,582	2,610,157
3 Gross receipts from activities that are not an unrelated trade or business under section 513 . . .	0	0	0	0	0	0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . .	0	0	0	0	0	0
5 The value of services or facilities furnished by a governmental unit to the organization without charge . . .	0	0	0	0	0	0
6 Total. Add lines 1 through 5 . . .	2,106,812	1,144,762	801,644	960,551	933,744	5,947,513
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	1,182,984	260,016	210,502	145,712	189,932	1,989,146
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year	0	90,000	10,000	0	74,337	174,337
c Add lines 7a and 7b . . .	1,182,984	350,016	220,502	145,712	264,269	2,163,483
8 Public support (Subtract line 7c from line 6.) . . .						3,784,030

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6 . . .	2,106,812	1,144,762	801,644	960,551	933,744	5,947,513
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .	4,531	6,817	826	88	43	12,305
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . .	0	0	0	0	0	0
c Add lines 10a and 10b . . .	4,531	6,817	826	88	43	12,305
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .	0	0	0	0	0	0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . .	89,571	65,361	20,994	(27,356)	(22,640)	125,930
13 Total support. (Add lines 9, 10c, 11, and 12.) . . .	2,200,914	1,216,940	823,464	933,283	911,147	6,085,748

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f)) . . .	15	62.18 %
16 Public support percentage from 2010 Schedule A, Part III, line 15 . . .	16	63.54 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f)) . . .	17	.20 %
18 Investment income percentage from 2010 Schedule A, Part III, line 17 . . .	18	.24 %
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ► <input checked="" type="checkbox"/>		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

PART III #12: NET EARNED INCOME (FAIR MARKET VALUE - EXPENSES) FROM FUNDRAISING EVENTS.

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**

OMB No 1545-0047

2011

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
 ► Attach to Form 990. ► See separate instructions.

Name of the organization

QUALITY HILL PRODUCTIONS

Employer identification number

43-1725412

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	
4 Number of states where property subject to conservation easement is located ►	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a	If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
b	If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
(i)	Revenues included in Form 990, Part VIII, line 1 ► \$
(ii)	Assets included in Form 990, Part X ► \$
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
a	Revenues included in Form 990, Part VIII, line 1 ► \$
b	Assets included in Form 990, Part X ► \$

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a Public exhibition d Loan or exchange programs
 b Scholarly research e Other _____
 c Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ► _____ %
 b Permanent endowment ► _____ %
 c Temporarily restricted endowment ► _____ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

Yes	No
3a(i)	
3a(ii)	
3b	

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land				
b	Buildings				
c	Leasehold improvements		1,644,771	366,311	1,278,460
d	Equipment		175,792	83,318	92,474
e	Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ► 1,370,934

Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12) ►		

Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13) ►		

Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►**Other Liabilities.** See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25) ►	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	911,147
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,110,813
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	(199,666)
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV.)	8	0
9	Total adjustments (net). Add lines 4 through 8	9	0
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	(199,666)

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	959,022
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	0
b	Donated services and use of facilities	2b	47,855
c	Recoveries of prior year grants	2c	0
d	Other (Describe in Part XIV.)	2d	0
e	Add lines 2a through 2d	2e	47,855
3	Subtract line 2e from line 1	3	911,147
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0
b	Other (Describe in Part XIV.)	4b	0
c	Add lines 4a and 4b	4c	0
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	911,147

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	1,158,668
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	47,855
b	Prior year adjustments	2b	0
c	Other losses	2c	0
d	Other (Describe in Part XIV.)	2d	0
e	Add lines 2a through 2d	2e	47,855
3	Subtract line 2e from line 1	3	1,110,813
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0
b	Other (Describe in Part XIV.)	4b	0
c	Add lines 4a and 4b	4c	0
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	1,110,813

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

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Supplemental Information (continued)

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

2011

Name of the organization

Employer identification number

QUALITY HILL PRODUCTIONS

43-1725412

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
1		Yes	No		
2					
3					
4					
5					
6					
7					
8					
9					
10					
Total					

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1 NEW YORK TRIP (event type)	(b) Event #2 ENCORE! (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	85,235	98,479		
	2 Less: Charitable contributions	3,800	78,829		
	3 Gross income (line 1 minus line 2)	81,435	19,650		
Direct Expenses	4 Cash prizes	0	0		
	5 Noncash prizes	0	0		
	6 Rent/facility costs	0	0		
	7 Food and beverages	6,088	18,970		
	8 Entertainment	18,619	17,301		
	9 Other direct expenses	47,951	15,142		
	10 Direct expense summary. Add lines 4 through 9 in column (d) ►				(124,071)
	11 Net income summary. Combine line 3, column (d), and line 10 ►				(22,986)

Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ►				()
	8 Net gaming income summary. Combine line 1, column d, and line 7 ►				

9 Enter the state(s) in which the organization operates gaming activities:

a Is the organization licensed to operate gaming activities in each of these states? Yes No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain: _____

11 Does the organization operate gaming activities with nonmembers? Yes No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in:

13a	%
13b	%

a The organization's facility

b An outside facility

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ► _____

Address ► _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No

b If "Yes," enter the amount of gaming revenue received by the organization ► \$ _____ and the amount of gaming revenue retained by the third party ► \$ _____

c If "Yes," enter name and address of the third party:

Name ► _____

Address ► _____

16 Gaming manager information:

Name ► _____

Gaming manager compensation ► \$ _____

Description of services provided ► _____

Director/officer Employee Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$ _____

Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

► Attach to Form 990 or 990-EZ.

Name of the organization

QUALITY HILL PRODUCTIONS

Employer identification number

43-1725412

FORM 990 PART VI #11: THE COMPLETE 990 WAS SENT TO ALL BOARD MEMBERS VIA E-MAIL FOR THEIR REVIEW AND COMMENTS

PRIOR TO BEING SUBMITTED TO THE IRS.

FORM 990 PART VI #15a AND #15b: IN PRIOR YEARS, SALARIES AND COMPENSATION PACKAGES FOR ALL EMPLOYEES HAVE BEEN

COMPARED TO THE NONPROFIT SALARY SURVEY CONDUCTED BY MIDWEST CENTER FOR NONPROFIT LEADERSHIP. NO SALARY

CHANGES WERE MADE IN 2009 AND 2010. A 2% COST OF LIVING INCREASE WAS PROVIDED IN 2011.

FORM 990 PART VI #19: ALL BOARD MINUTES AND FINANCIAL STATEMENTS ARE HOUSED AT THE ADMINISTRATIVE OFFICE ON SITE

AT THE ORGANIZATION, 303 W 10TH STREET, KANSAS CITY, MO 64105. ADMINISTRATIVE OFFICES ARE OPEN 9AM - 5PM MONDAY -

FRIDAY AND OCCASIONAL EVENINGS AND WEEKENDS. THESE DOCUMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST. ALSO,

COPIES OF THE FORM 990 AND THE CONSOLIDATED FINANCIAL STATEMENTS ARE UPLOADED VOLUNTARILY TO GREATER KANSAS

CITY COMMUNITY FOUNDATION'S WEB PORTAL FOR ACCESS BY THE PUBLIC VIA THE INTERNET.

Name of the organization

Employer identification number

**QUALITY HILL PRODUCTIONS
AND SUBSIDIARY**

**CONSOLIDATED
FINANCIAL STATEMENTS**

December 31, 2011

IFFT & CO. PA

Certified Public Accountants

11030 Granada Lane • Suite 100 • Overland Park, Kansas 66211
Tel 913-345-1120 • Fax 913-345-0724 • E-mail info@ifftcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Quality Hill Productions and Subsidiary
Kansas City, Missouri

We have audited the accompanying consolidated statement of financial position of Quality Hill Productions (a nonprofit organization) and Subsidiary (collectively, "the Playhouse") as of December 31, 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Playhouse's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Playhouse's 2010 financial statements and, in our report dated April 29, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Quality Hill Productions and Subsidiary as of December 31, 2011, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

IFFT + Co. PA

April 26, 2012

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2011**

(With Summarized Financial Information for December 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 39,356	56,283
Accounts receivable	30,610	63,373
Contributions receivable, net	134,759	201,487
Prepaid expenses	8,427	6,373
Construction in progress	74,865	74,865
Property and equipment, net	<u>1,296,069</u>	<u>1,477,140</u>
 TOTAL ASSETS	 <u>\$ 1,584,086</u>	 <u>1,879,521</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 52,166	22,904
Accrued expenses	17,701	17,583
Deferred revenue	153,596	203,745
Note payable	<u>300,000</u>	<u>375,000</u>
 TOTAL LIABILITIES	 <u>523,463</u>	 <u>619,232</u>
 NET ASSETS		
Unrestricted net assets	416,280	681,079
Temporarily restricted net assets	<u>644,343</u>	<u>579,210</u>
 TOTAL NET ASSETS	 <u>1,060,623</u>	 <u>1,260,289</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,584,086</u>	 <u>1,879,521</u>

The accompanying notes are an integral part of these financial statements.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011**

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
UNRESTRICTED REVENUES		
Ticket sales-box office	\$ 519,057	578,915
Contributions	342,162	378,635
In-kind contributions	47,855	47,855
Special events, less direct costs of \$124,071 in 2011 and \$159,862 in 2010	(22,986)	(27,958)
Theatre rental	200	497
Other	2,714	3,194
	<u>889,002</u>	<u>981,138</u>
Net assets released from restrictions	4,867	55,301
	<u>893,869</u>	<u>1,036,439</u>
EXPENSES		
Program services	913,643	1,015,212
Administrative	164,731	200,141
Fundraising	80,294	81,741
	<u>1,158,668</u>	<u>1,297,094</u>
CHANGE IN UNRESTRICTED NET ASSETS	(264,799)	(260,655)
TEMPORARILY RESTRICTED REVENUES		
Contributions	70,000	-
Net assets released from restrictions	<u>(4,867)</u>	<u>(55,301)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>65,133</u>	<u>(55,301)</u>
CHANGE IN NET ASSETS	(199,666)	(315,956)
NET ASSETS, BEGINNING OF YEAR	<u>1,260,289</u>	<u>1,576,245</u>
NET ASSETS, END OF YEAR	<u>\$ 1,060,623</u>	<u>1,260,289</u>

The accompanying notes are an integral part of these financial statements.

QUALITY HILL PRODUCTIONS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>2011 Total</u>	<u>2010 Total</u>
Salaries	\$ 321,667	53,860	64,728	440,255	456,831
Payroll taxes and benefits	89,730	10,117	12,158	112,005	110,930
Advertising	138,486	-	-	138,486	141,155
Bank charges	17,410	-	-	17,410	18,635
Costumes	9,037	-	-	9,037	12,848
Depreciation and amortization	137,614	41,646	1,811	181,071	181,130
Dues and memberships	2,866	856	-	3,722	3,923
Education and research	250	-	-	250	749
Entertainment	3,362	-	-	3,362	3,612
Equipment maintenance	9,466	2,865	124	12,455	14,334
Interest	-	18,543	-	18,543	22,998
Insurance	20,195	4,634	201	25,030	23,046
Janitorial and maintenance	6,587	1,994	87	8,668	10,191
Office supplies and equipment	6,143	1,835	-	7,978	11,917
Other physical production	19,490	-	-	19,490	19,199
Postage	2,930	162	344	3,436	5,079
Printing	29,405	-	-	29,405	27,634
Professional fees	6,912	8,789	-	15,701	14,281
Rent	21,120	2,760	120	24,000	24,000
In-kind rent	36,370	11,006	479	47,855	47,855
Royalties	15,663	-	-	15,663	12,096
Telephone and utilities	17,447	5,280	230	22,957	24,222
Uncollectible accounts	888	269	12	1,169	109,725
Website	605	-	-	605	630
Other	-	115	-	115	74
Total	\$ 913,643	164,731	80,294	1,158,668	1,297,094

The accompanying notes are an integral part of these financial statements.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011**

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (199,666)	(315,956)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	181,071	181,130
Changes in operating assets and liabilities		
Accounts receivable	32,763	(4,822)
Contributions receivable	66,728	197,327
Prepaid expenses	(2,054)	11,583
Accounts payable	29,262	2,505
Accrued expenses	118	(314)
Deferred revenue	<u>(50,149)</u>	<u>(13,236)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	58,073	58,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(8,318)
NET CASH USED IN INVESTING ACTIVITIES	-	(8,318)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(75,000)</u>	<u>(100,010)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(75,000)</u>	<u>(100,010)</u>
NET CHANGE IN CASH	(16,927)	(50,111)
CASH, BEGINNING OF YEAR	<u>56,283</u>	<u>106,394</u>
CASH, END OF YEAR	<u>\$ 39,356</u>	<u>56,283</u>
INTEREST PAID	<u>\$ 18,543</u>	<u>22,998</u>

The accompanying notes are an integral part of these financial statements.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Quality Hill Productions and Subsidiary (the Playhouse) is a nonprofit organization located in Kansas City, Missouri. The Playhouse produces musicals and cabaret revues.

Basis of Presentation

The Playhouse reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2011 and 2010, the Playhouse had no permanently restricted net assets.

Principles of Consolidation

During 2008, the Playhouse formed a for-profit corporation, Quality Hill Enterprises, Inc., for the purpose of operating a restaurant adjacent to the theatre. The Playhouse is the only stockholder of Quality Hill Enterprises, Inc. The restaurant has not yet been constructed.

The accompanying consolidated financial statements include the accounts of Quality Hill Productions and its subsidiary, Quality Hill Enterprises, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Summarized Financial Information

The financial statements include certain 2010 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Playhouse's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Contributions that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Playhouse reports expirations of donor restrictions when the donated or acquired assets are placed in service. Gifts having donor restrictions that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

The Playhouse capitalizes significant acquisitions of property and equipment, which are recorded at cost. Donated assets are recorded at fair value at the date of donation. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets.

Accounts Receivable

The majority of the Playhouse's receivables is due from groups attending the Playhouse's productions and from individuals for a tour to New York City. Credit is extended based on an evaluation of a customer's financial condition; generally, collateral is not required. For the Playhouse's productions, accounts receivable are due thirty days prior to the date of the event. For the New York City tour, accounts receivable are due thirty days after the invoice date. Accounts outstanding longer than the contractual payment terms are considered past due. The Playhouse determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Playhouse's previous loss history, the customer's current ability to pay its obligation to the Playhouse, and the condition of the general economy and the industry as a whole. The Playhouse writes off accounts receivable when they become uncollectible. Bad debt expense related to accounts receivable was \$50 for the year ended December 31, 2011. There was no bad debt expense related to accounts receivable for the year ended December 31, 2010. At December 31, 2011 and 2010, the Playhouse had no allowance for uncollectible accounts.

Contributions Receivable

Unconditional promises to give are recognized as revenue in the year the promise is made. Unconditional promises to give 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. The discounts on those amounts are computed using interest rates applicable to the year in which the promises are received. Amortization of the discount is included in contribution revenue. The Playhouse writes off contributions receivable when they become uncollectible. Uncollectible contributions expense for the years ended December 31, 2011 and 2010 was \$1,119 and \$109,725, respectively. The allowance for uncollectible contributions was \$4,277 and \$10,194 at December 31, 2011 and 2010, respectively.

Revenue Recognition

Revenue received for future productions is deferred until the start of rehearsals for the production. Revenue for the New York tour is recognized when the trip occurs.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising

The Playhouse uses advertising to promote its productions. The costs of advertising are expensed as incurred. Advertising expense for the years ended December 31, 2011 and 2010 was \$138,486 and \$141,155, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Playhouse is generally exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Playhouse's subsidiary, a C-corporation, will pay income taxes at such time as it has taxable income. The subsidiary had no income tax expense for either of the years ended December 31, 2011 or 2010.

The Playhouse recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Playhouse is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Playhouse is no longer subject to income tax examinations by the applicable tax authorities for the years before 2008. If any were to be incurred, the Playhouse's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Subsequent Events

Subsequent events have been evaluated through April 26, 2012, which is the date the financial statements were available to be issued.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 1,569,906	1,569,906
Office equipment	95,514	95,514
Sound equipment	<u>80,279</u>	<u>80,279</u>
	1,745,699	1,745,699
Accumulated depreciation and amortization	<u>(449,630)</u>	<u>(268,559)</u>
	<u>\$ 1,296,069</u>	<u>1,477,140</u>

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, which represent unconditional promises to make contributions to the Playhouse, consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Due in less than one year	\$ 85,426	130,472
Due in one to five years	68,853	82,086
Due in six to ten years	<u>-</u>	<u>30,000</u>
	154,279	242,558
Less unamortized discount	(15,243)	(30,877)
Less allowance for uncollectible contributions	<u>(4,277)</u>	<u>(10,194)</u>
	<u>\$ 134,759</u>	<u>201,487</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows. An interest rate of 6% was used to calculate the discount on contributions receivable.

NOTE 4 - LEASES

The Playhouse leases office and theatre space under an operating lease that expires in August 2014. The Playhouse has an option to extend the lease for an additional five years.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 4 - LEASES - Continued

Future minimum lease payments under noncancelable operating leases are as follows:

<u>Year ending December 31,</u>	<u>Amounts</u>
2012	\$ 24,000
2013	24,000
2014	<u>16,000</u>
	<u><u>\$ 64,000</u></u>

See Note 10.

NOTE 5 - LINE OF CREDIT

The Playhouse has an unsecured revolving line of credit of \$25,000. The line of credit expires in August 2012 and accrues interest at the bank's prime rate plus 2% (5.25% at December 31, 2011 and 2010). No amounts were outstanding on the line of credit as of December 31, 2011 or 2010.

NOTE 6 - NOTE PAYABLE

The Playhouse has a note payable to a bank with a balance of \$300,000 and \$375,000 at December 31, 2011 and 2010, respectively. The note is payable in quarterly principal installments of \$25,000, with all outstanding principal and interest due in October 2014. The note bears interest at prime plus 2% (5.25% at December 31, 2011 and 2010) payable monthly. The note is collateralized by substantially all assets of the Playhouse.

Future maturities of long-term debt are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2012	\$ 100,000
2013	100,000
2014	<u>100,000</u>
	<u><u>\$ 300,000</u></u>

Interest expense for the years ended December 31, 2011 and 2010 was \$18,543 and \$22,998, respectively.

**QUALITY HILL PRODUCTIONS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Capital campaign expenses	\$ -	4,867
Note payable payments	70,000	-
Restaurant construction	<u>574,343</u>	<u>574,343</u>
	<u><u>\$ 644,343</u></u>	<u><u>579,210</u></u>

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Playhouse participates in the Actors' Equity Association (AEA) pension plan for actors, stage managers, and assistant stage managers covered by AEA contracts. Under the plan, the Playhouse is required to contribute 8% of the weekly gross salary of the covered employees. Total pension contributions incurred by the Playhouse during the years ended December 31, 2011 and 2010 were \$6,125 and \$4,749, respectively.

The Playhouse offers a 403(b) retirement plan to all administrative employees. The plan is funded with employee contributions. The Playhouse matches employee contributions to the plan up to a maximum of 3% of base salary and places the matching funds into a SIMPLE IRA pension plan. Total employer contributions under this plan for the years ended December 31, 2011 and 2010 were \$8,591 and \$8,888, respectively.

NOTE 9 - AGREEMENT WITH UNION

The Playhouse has an agreement with the AEA that allows the Playhouse to hire members of the AEA for its productions and requires the Playhouse to use a certain percentage of AEA members throughout the season. The agreement also requires the Playhouse to contribute to the AEA pension plan, as discussed in Note 8.

In connection with the AEA, the Playhouse has an irrevocable standby letter of credit of \$25,000. The letter of credit expires in August 2012 and is automatically renewed annually through August 2014 unless the bank gives the Playhouse sixty days notice prior to any annual expiration date.

NOTE 10 - SUBSEQUENT EVENT

In January 2012, the Playhouse amended its lease for theatre and office space. The future minimum lease payments disclosed in Note 4 reflect such amendments.