

EAST BAY CENTER FOR THE PERFORMING ARTS
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022)

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INDEPENDENT AUDITOR'S REPORT

April 1, 2024

To the Board of Directors
of East Bay Center for the Performing Arts
Richmond, California

Opinion

I have audited the accompanying financial statements of East Bay Center for the Performing Arts (a nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Bay Center for the Performing Arts as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of East Bay Center for the Performing Arts and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Bay Center for the Performing Arts' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Bay Center for the Performing Arts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Bay Center for the Performing Arts' ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Summarized Comparative Information

I have previously audited East Bay Center for the Performing Arts' 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 28, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Healy and Associates
Concord, California

EAST BAY CENTER FOR THE PERFORMING ARTS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	Total	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,100,208	\$ 3,578,407
Investments	3,248,636	-
Accounts receivable	169,875	55,366
Contributions receivable, current portion	2,199,139	1,685,389
Prepaid expenses	32,437	3,673
TOTAL CURRENT ASSETS	6,750,295	5,322,835
Contributions receivable, long-term portion	2,095,000	1,164,829
Restricted cash	472,876	468,667
Property and equipment, net	9,236,835	9,601,062
Intangible assets, net	11,733	14,933
Investment in LLC	1,930,000	1,930,000
Endowment funds held by others	2,595,780	1,808,133
TOTAL ASSETS	\$ 23,092,519	\$ 20,310,459
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 78,593	\$ 72,583
Accrued vacation payable	106,932	117,565
Accrued income tax payable	37,600	37,600
TOTAL CURRENT LIABILITIES	223,125	227,748
TOTAL LIABILITIES	223,125	227,748
NET ASSETS		
Without donor restrictions:		
Board designated	693,947	468,667
General without restriction	13,708,167	13,304,536
With donor restrictions	8,467,280	6,309,508
TOTAL NET ASSETS	22,869,394	20,082,711
TOTAL LIABILITIES AND NET ASSETS	\$ 23,092,519	\$ 20,310,459

See Notes to Financial Statements

EAST BAY CENTER FOR THE PERFORMING ARTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

		Without Donor Restrictions	With Donor Restrictions	Total	
				2023	2022
<u>SUPPORT AND REVENUE</u>					
Support					
Foundations		\$ 807,244	\$ 3,556,806	\$ 4,364,050	\$ 3,229,500
Individuals		(53,353)	773,675	720,322	1,959,859
Government		9,241	308,500	317,741	261,500
Gala					
Gross proceeds	266,073				
Less: expenses	<u>(24,936)</u>				
In-kind donations		241,137	-	241,137	-
Corporations		131,687	-	131,687	2,475
		<u>4,832</u>	<u>-</u>	<u>4,832</u>	<u>50,281</u>
	Total Support	<u>1,140,788</u>	<u>4,638,981</u>	<u>5,779,769</u>	<u>5,503,615</u>
Revenue					
Program fees		268,173	-	268,173	223,831
Distribution income		150,000	-	150,000	180,000
Tuition		11,218	-	11,218	19,079
Interest income		6,728	-	6,728	1,925
Performance fees		6,150	-	6,150	6,925
Other revenue		65,064	17	65,081	42
Rental income (loss)		9,801	-	9,801	(3,200)
Loss on disposal of fixed assets		-	-	-	(5,354)
Investment income, net		11,392	22,502	33,894	-
Gain/(Loss) on endowment, net		<u>-</u>	<u>235,147</u>	<u>235,147</u>	<u>(248,274)</u>
	Total Revenue	<u>528,526</u>	<u>257,666</u>	<u>786,192</u>	<u>174,974</u>
Net assets released from restriction		<u>2,738,875</u>	<u>(2,738,875)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue		<u>4,408,189</u>	<u>2,157,772</u>	<u>6,565,961</u>	<u>5,678,589</u>
<u>EXPENSES</u>					
Program		2,606,926	-	2,606,926	2,264,622
Management and General		611,089	-	611,089	562,398
Fundraising		<u>521,277</u>	<u>-</u>	<u>521,277</u>	<u>476,695</u>
Total Expenses		<u>3,739,292</u>	<u>-</u>	<u>3,739,292</u>	<u>3,303,715</u>
Change in net assets, before provision for tax		<u>668,897</u>	<u>2,157,772</u>	<u>2,826,669</u>	<u>2,374,874</u>
Provision for tax		<u>(39,986)</u>	<u>-</u>	<u>(39,986)</u>	<u>(37,600)</u>
Change in net assets, after provision for taxes		<u>628,911</u>	<u>2,157,772</u>	<u>2,786,683</u>	<u>2,337,274</u>
NET ASSETS, beginning of year		<u>13,773,203</u>	<u>6,309,508</u>	<u>20,082,711</u>	<u>17,745,437</u>
NET ASSETS, end of year		<u>\$ 14,402,114</u>	<u>\$ 8,467,280</u>	<u>\$ 22,869,394</u>	<u>\$ 20,082,711</u>

EAST BAY CENTER FOR THE PERFORMING ARTS**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Program	Management and General	Fundraising	Total	
				2023	2022
Salaries and wages	\$ 1,471,647	\$ 251,035	\$ 317,708	\$ 2,040,390	\$ 1,990,924
Payroll taxes	123,997	19,454	25,857	169,308	157,374
Employee benefits	77,215	51,722	13,781	142,718	100,382
Total Personnel and Benefits	1,672,859	322,211	357,346	2,352,416	2,248,680
Depreciation and amortization	367,427	-	-	367,427	433,630
Professional fees	63,729	114,758	67,813	246,300	192,702
In-kind expenses	119,688	11,999	-	131,687	2,475
Building maintenance and repair	85,613	1,781	27	87,421	57,289
Events and consultants	-	-	79,581	79,581	52,440
Artists fees	76,433	-	-	76,433	23,575
Scholarships	51,438	6,113	-	57,551	-
Utilities	40,663	610	610	41,883	34,373
Insurance	-	31,845	-	31,845	29,398
Conferences and meetings	10,910	15,364	4,655	30,929	-
Food refreshment	11,736	15,111	3,140	29,987	16,694
Telecommunications	23,235	2,216	403	25,854	25,633
Payroll fees	388	23,184	-	23,572	21,300
Bank charges	106	22,237	-	22,343	5,665
Instrument purchases	20,008	-	-	20,008	2,438
Membership and subscription	4,354	14,073	1,251	19,678	12,006
Program supplies	18,910	37	-	18,947	16,947
Advertising	250	13,800	4,671	18,721	18,713
Printing and copying	3,439	106	12,853	16,398	2,144
Website	-	5,095	10,925	16,020	13,000
Information technology	6,493	6,846	1,035	14,374	27,350
Commission work	12,500	-	-	12,500	25,000
Instrument rental and repairs	10,622	-	-	10,622	6,634
Supplies and office expenses	404	5,375	1,577	7,356	4,761
Travel	5,057	1,543	9	6,609	4,975
Taxes and fees	-	1,006	-	1,006	7,405
Permits and licenses	76	224	240	540	3,529
Bad debt	-	-	-	-	7,000
Interest	-	-	-	-	26
Miscellaneous	588	(4,445)	77	(3,780)	7,933
Total Expenses	<u>\$ 2,606,926</u>	<u>\$ 611,089</u>	<u>\$ 546,213</u>	<u>\$ 3,764,228</u>	<u>\$ 3,303,715</u>
Less expenses included with revenues on the statement of activities:					
Direct fundraising expenses	-	-	(24,936)	(24,936)	-
Total expenses included in the expense section of the statement of activities	<u>\$ 2,606,926</u>	<u>\$ 611,089</u>	<u>\$ 521,277</u>	<u>\$ 3,739,292</u>	<u>\$ 3,303,715</u>

See Notes to Financial Statements

EAST BAY CENTER FOR THE PERFORMING ARTS**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,786,683	\$ 2,337,274
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	367,427	433,630
Loss on disposal of fixed assets	-	5,354
Unrealized (gain)/loss on endowment	(217,524)	246,804
Unrealized gain on investments	(16,163)	-
CHANGES IN ASSETS AND CURRENT LIABILITIES:		
Accounts receivable	(114,509)	40,774
Contributions receivable	(1,443,921)	(1,866,194)
Prepaid expenses	(28,764)	2,582
Accounts payable and accrued expenses	(4,623)	91,485
Deferred revenue	-	(41,165)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,328,606</u>	<u>1,250,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments	(3,232,473)	-
Change in endowment investments	(570,123)	(268,530)
Purchase and acquisition of intangible assets	-	(16,000)
Purchase and acquisition of equipment, net of disposals	-	1,955
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,802,596)</u>	<u>(282,575)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,473,990)	967,969
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>4,047,074</u>	<u>3,079,105</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 1,573,084</u>	<u>\$ 4,047,074</u>
Composition of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,100,208	\$ 3,578,407
Restricted cash	<u>472,876</u>	<u>468,667</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,573,084</u>	<u>\$ 4,047,074</u>

EAST BAY CENTER FOR THE PERFORMING ARTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE A – NATURE OF ACTIVITIES

East Bay Center for the Performing Arts (Organization) is a California nonprofit public benefit corporation, founded in 1968, incorporated in 1982, with operations in Richmond. The Organization is a community-based arts training and production institution. The mission of the center is to engage youth and young adults in imagining and creating new worlds for themselves and new visions for their communities through the inspiration and discipline of distinctive training in world performance traditions. The Organization is supported primarily through donor contributions, grants, and programming fees.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

EAST BAY CENTER FOR THE PERFORMING ARTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts and Contributions Receivable

Accounts and contributions receivable consist primarily of unsecured non-interest bearing amounts due from school district agreements, grants, and contributions that are expected to be collected within one year at net realizable value. The amount receivable which extends beyond one year from the balance sheet date is classified as long-term receivable. The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management has an allowance for doubtful accounts receivable as of June 30, 2023 of \$0.

Fixed Assets

Fixed asset additions of \$3,500 or greater are recorded at cost, or if donated, at fair value on the date of donation. Additions are capitalized and depreciated over their respective useful lives, which range from three to forty years, using the straight-line method. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the cost-reimbursable government grants.

Program and other fees are recognized as the services are provided ratably over the year, with the advance payments recognized in the statement of financial position as deferred revenue.

EAST BAY CENTER FOR THE PERFORMING ARTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Facilities Use, Goods, and Services (In-kind)

The Organization records donated goods, facilities use, and services at their estimated fair value on the date of receipt if they meet the criteria for recognition. In-kind donations for the year ended June 30, 2023 was \$131,687, as reflected in the accompanying statement of activities.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on time spent in the functional area.

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments, measured using Level 1 Level 3 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

Endowment

The endowment consists of donor restricted gifts to be held in perpetuity. The endowment was established to advance the mission of the Organization.

EAST BAY CENTER FOR THE PERFORMING ARTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Presidio Internet Center, LLC

The Organization holds a membership interest in Presidio Internet Center, LLC (LLC), a California limited liability company. The investment, acquired through a contribution, was initially measured at fair value. The Organization has elected the alternative measurement method to account for its investment in the LLC. Distributions received from the accumulated earnings of the LLC are recognized as dividend income. Management periodically evaluates its investment in the LLC for impairment and records a write-down if it is determined that any impairment in value is other than temporary. Management determined there was no impairment loss recognized during the year ended June 30, 2023.

Tax Exemption Status

East Bay Center for the Performing Arts is exempt from income tax under IRC section 501(c)(3) and Section 23701(d) of the State of California Revenue and Taxation Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code(s). The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization holds a membership interest in a for-profit limited liability company. Income allocated to the Organization from the LLC is subject to tax on unrelated business income. As of June 30, 2023, the Organization has recorded a tax liability of \$37,600 on this unrelated business activity. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization uses the asset and liability method to provide income taxes on all transactions recorded in the financial statements. This method requires the income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for book and tax purposes. Accordingly, a deferred tax asset or liability for each temporary difference is determined based on the tax rates that the Organization expects to be in effect when the underlying items of income and expense are realized. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The Organization's provision for tax includes the current and deferred portions of that expense. A valuation allowance is established if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The valuation allowance reduces deferred tax assets to the amount the Organization expects to realize. As of June 30, 2023, the valuation allowance was \$0.

EAST BAY CENTER FOR THE PERFORMING ARTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Newly Adopted Accounting Principles

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right of use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization adopted the standard on July 1, 2022. The Organization elected the 'package of practical expedients', which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs; and all of the new standard's available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in no change to the Organization's financial statements.

NOTE C – RESTRICTED CASH

The Board of Directors has designated a fund to hold as a building reserve to ensure the building maintenance and repairs needed to maintain the building as a community and cultural asset. The reserve had the following activity during the year ended June 30, 2023:

Balance, July 1, 2022	\$ 468,667
Interest	4,209
Total restricted cash and cash equivalents	<u>\$ 472,876</u>

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

NOTE D – INVESTMENTS

The composition of investments at June 30, 2023, is as follows:

Cash and money market funds held in investment accounts (Level 1)	\$405,361
Money market pool held by MCF (Level 3)	73,173
Fixed Income (Level 1)	2,770,102
Total	<u>\$ 3,248,636</u>

Activity for investment accounts for the year ended June 30, 2023, is as follows:

Cash held in brokerage account, 6/30/2022	\$ 659,446
Donations	2,612,847
Grants paid	(57,551)
Interest and dividend income	17,930
Unrealized capital gain	16,163
Fees and other expenses	(199)
Ending balance, 6/30/2023	<u>\$ 3,248,636</u>

NOTE E – ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

At June 30, 2023, accounts and contributions receivable are expected to be received as follows:

<u>Due within one year</u>	
Accounts receivable	\$ 169,875
Contributions receivable	2,199,139
<u>Due within two to four years</u>	
Contributions receivable	2,095,000
Total receivables	<u>\$ 4,464,014</u>

The long-term receivables have not been discounted for the present value. The Organization determined the amount would not be material to these financial statements taken as a whole.

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

NOTE F – LLC INVESTMENT AND RELATED PARTY TRANSACTIONS

On December 31, 2016, the Organization received interest of 25% in Presidio Internet Center, LLC (a limited liability corporation) that owns commercial property in San Francisco. The remaining interest in the LLC is owned by a member of the Board of Directors. As of June 30, 2023, the investment in the LLC is as follows:

Investment in LLC (25%)	<u>\$ 1,930,000</u>
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During the year ended June 30, 2023, the Organization received a distribution of \$150,000, as reflected in the accompanying statement of activities.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 consist of the following:

Land	\$ 306,000
Building – 40 years	12,587,508
Building improvements – 15 years	638,401
Furniture and equipment – 3 -15 years	497,790
Less: Accumulated depreciation	<u>(4,792,864)</u>
Total property and equipment, net	<u>\$ 9,236,835</u>

Depreciation expense for the year ended June 30, 2023 is \$364,227.

NOTE H – INTANGIBLE ASSETS

Intangible assets at June 30, 2023 consist of the following:

Website	16,000
Less: Accumulated amortization	<u>(4,267)</u>
Total intangible assets, net	<u>\$ 11,733</u>

Amortization expense for the year ended June 30, 2023 is \$3,200.

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)****NOTE I – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash, cash equivalents, and restricted cash	\$ 1,573,084
Investments	3,248,636
Receivables	<u>2,369,014</u>
Total financial assets	<u>7,190,734</u>
Less:	
Net assets with Board designations	(693,947)
Net assets with purpose restrictions to be met in one year	<u>(3,776,500)</u>
	<u>(4,470,447)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,720,287</u></u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board designated funds are \$693,947 at June 30, 2023. The board designated fund could be made available if necessary.

NOTE J – NO COMMITMENTS

The Organization has no commitments beyond June 30, 2023.

NOTE K – NET ASSETS WITH BOARD DESIGNATIONS

Net assets with board designations had the following activity for the year ended June 30, 2023:

<u>Designation</u>	<u>6/30/2022</u>	<u>Revenue</u>	<u>Releases</u>	<u>6/30/2023</u>
Building reserve/Board designated endowment	<u>\$ 468,667</u>	<u>\$ 225,280</u>	<u>\$ -</u>	<u>\$ 693,947</u>

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)****NOTE L –NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions had the following activity for the year ended June 30, 2023:

<u>Restriction</u>	<u>6/30/2022</u>	<u>Revenue</u>	<u>Releases</u>	<u>6/30/2023</u>
Time	\$2,840,125	\$1,425,000	(\$1,500,125)	\$2,765,000
Purpose	68,750	48,000	(116,750)	-
Time and purpose	1,467,500	2,683,500	(1,122,000)	3,029,000
Endowment (Note M)	1,933,133	740,147	-	2,673,280
	<u>\$6,309,508</u>	<u>\$4,896,647</u>	<u>(\$2,738,875)</u>	<u>\$8,467,280</u>

The Organization has established an endowment fund using contributions restricted by donors. Restricted gifts or bequests with permanent restrictions, if any, are added to the endowment.

NOTE M – ENDOWMENT ASSET

The Board of Directors has determined it holds assets which meet the definition of endowment funds under the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained permanently. The value of assets in excess of original gifts in donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditures by the Organization.

In Accordance with UPMIFA, the Organization considers the following factors in making a determination as to the appropriation of assets for expenditures:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, there were no underwater endowment funds.

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)****NOTE M – ENDOWMENT ASSET (Continued)**

The composition and activity of the endowment is as follows for the year ended June 30, 2023:

<u>Restricted in perpetuity and held by the Marin Community Foundation:</u>	<u>Level 3</u>
Endowment held by MCF, balance at June 30, 2022	\$1,808,133
Gifts received or pledged	630,000
Interest and dividends	35,924
Unrealized gain	217,524
Fees	(18,301)
Endowment at June 30, 2023, including receivables	<u>\$ 2,673,280</u>

NOTE N – IN-KIND DONATIONS

For the year ended June 30, 2023, donations of services were received as follows:

<u>Category/Use</u>	<u>Valuation Technique</u>	<u>Total Received</u>
Legal services – programs	FMV by donor	\$ 63,538
Instrument repairs – programs	FMV of services	23,200
Instruments – programs	FMV of instruments	32,950
Auditing services – admin.	FMV by donor	3,000
Donated goods – admin.	FMV of goods	8,999
Total in-kind donations		<u>\$ 131,687</u>

NOTE O – EMPLOYEE BENEFITS

The Organization offers a deferred compensation plan to all employees for participation regardless of hours worked per week. The voluntary 401(k) plan allows for a matching contribution for the employees up to 3% of the employee's salary. For the year ended June 30, 2023, the Organization contributed \$25,182 to the retirement plan.

Employees accumulate vacation hours during their employment. The total accrued vacation payable at June 30, 2023 is \$106,932 and is reflected in the accompanying statement of financial position.

EAST BAY CENTER FOR THE PERFORMING ARTS**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

NOTE P – CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents accounts in financial institutions exceeding federal or other insured limits. At June 30, 2023 the Organization had \$415,698 in financial institutions in excess of federally insured limits.

Support from one funder represented 30% of total revenue and support for the year ended June 30, 2023.

Receivables at June 30, 2023 contain concentrations as 42% of receivables are due from one funder.

Endowment and investments of \$2,668,953 are held by the Marin Community Foundation and carry no insurance or guarantee.

NOTE Q – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 1, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2023, have been incorporated into these financial statements.