

Financial Statements

THE THEATRE AT BOSTON COURT

December 31, 2015



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
The Theatre at Boston Court

We have audited the accompanying financial statements of The Theatre at Boston Court (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

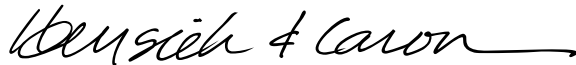
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Theatre at Boston Court as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Theater at Boston Court's 2014 financial statements, and our report dated June 15, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, California
May 25, 2016

THE THEATRE AT BOSTON COURT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION AT DECEMBER 31, 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	\$ 167,102	\$ 19,016	\$ 186,118	\$ 91,223
Grants receivable	44,492	15,000	59,492	101,650
Prepaid expenses	36,183	-	36,183	75,239
Property and equipment, net	43,690	-	43,690	14,495
Total Assets	<u>\$ 291,467</u>	<u>\$ 34,016</u>	<u>\$ 325,483</u>	<u>\$ 282,607</u>
Liabilities				
Accounts payable	\$ 65,252	\$ -	\$ 65,252	\$ 45,563
Accrued salaries	20,006	-	20,006	17,304
Deferred revenue	19,171	-	19,171	29,683
Total Liabilities	<u>104,429</u>	<u>-</u>	<u>104,429</u>	<u>92,550</u>
Net Assets				
Unrestricted	187,038	-	187,038	157,357
Temporarily restricted	-	34,016	34,016	32,700
Total Net Assets	<u>187,038</u>	<u>34,016</u>	<u>221,054</u>	<u>190,057</u>
Total Liabilities and Net Assets	<u>\$ 291,467</u>	<u>\$ 34,016</u>	<u>\$ 325,483</u>	<u>\$ 282,607</u>

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

THE THEATRE AT BOSTON COURT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Support and Revenue				
Contributions and grants	\$ 689,029	\$ 483,514	\$ 1,172,543	\$ 854,028
Ticket and subscription revenue	191,595	-	191,595	239,896
Special events, net of direct expenses of \$22,204 in 2015 and \$7,061 in 2014	28,146	-	28,146	9,662
Concessions, workshop and other revenues	807	-	807	7,631
Rental revenue	7,345	-	7,345	3,210
Net assets released from time restrictions	482,198	(482,198)	-	-
Total Support and Revenue	<u>1,399,120</u>	<u>1,316</u>	<u>1,400,436</u>	<u>1,114,427</u>
Expenses				
Program services	1,101,035	-	1,101,035	793,556
Management and general	142,445	-	142,445	152,686
Fundraising	125,959	-	125,959	108,172
Total Expenses	<u>1,369,439</u>	<u>-</u>	<u>1,369,439</u>	<u>1,054,414</u>
Change in Net Assets	29,681	1,316	30,997	60,013
Net Assets, Beginning of Year	<u>157,357</u>	<u>32,700</u>	<u>190,057</u>	<u>130,044</u>
Net Assets, End of Year	<u>\$ 187,038</u>	<u>\$ 34,016</u>	<u>\$ 221,054</u>	<u>\$ 190,057</u>

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

THE THEATRE AT BOSTON COURT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	2015	2014
Cash Flows from Operating Activities		
Cash received from donors	\$ 1,259,551	\$ 789,201
Cash received from service recipients	146,785	208,836
Cash paid to suppliers and employees	<u>(1,275,185)</u>	<u>(1,008,686)</u>
Net Cash Provided by (Used in) Operating Activities	131,151	(10,649)
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(36,256)</u>	<u>(3,347)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	94,895	(13,996)
Cash and Cash Equivalents, Beginning	<u>91,223</u>	<u>105,219</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 186,118</u></u>	<u><u>\$ 91,223</u></u>
Reconciliation of the Change in Net Assets To Net Cash Provided by (Used in) Operating Activities		
Change in Net Assets	\$ 30,997	\$ 60,013
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Depreciation	7,061	8,613
(Increase) Decrease in:		
Grants receivable	42,158	(74,050)
Prepaid expenses	39,056	(35,125)
Increase (Decrease) in:		
Accounts payable	19,689	17,986
Accrued salaries	2,702	4,540
Deferred revenue	<u>(10,512)</u>	<u>7,374</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 131,151</u></u>	<u><u>\$ (10,649)</u></u>

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

THE THEATRE AT BOSTON COURT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	2015			2014	
	Program Services	Management & General	Fundraising	Total	Total
Production costs and fees	\$ 578,055	\$ -	\$ -	\$ 578,055	\$ 396,544
Salaries	246,945	69,946	85,934	402,825	313,212
Insurance	51,388	14,166	17,333	82,887	57,662
Occupancy	64,505	8,063	8,063	80,631	56,394
Publicity and marketing	57,676	5,572	-	63,248	67,112
Payroll tax	22,107	6,262	7,693	36,062	29,037
Professional fees	19,372	15,501	-	34,873	27,064
Employee benefits	17,904	5,071	6,230	29,205	33,607
Bank charges and credit card fees	14,250	761	-	15,011	20,713
Office supplies	1,016	8,733	-	9,749	4,504
Theatre supplies	8,121	-	-	8,121	2,933
Depreciation	5,649	706	706	7,061	8,613
Travel and meals	5,066	1,422	-	6,488	7,674
Dues and memberships	4,084	2,165	-	6,249	9,719
Postage and shipping	657	2,404	-	3,061	2,019
Equipment and furniture	1,980	893	-	2,873	6,768
Concessions	1,717	-	-	1,717	10,054
Auto expense	543	780	-	1,323	785
Total	\$ 1,101,035	\$ 142,445	\$ 125,959	\$ 1,369,439	\$ 1,054,414

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

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

The Theatre at Boston Court (the Organization) is a nonprofit corporation, organized for the purpose of producing passionate, artist-driven work that challenges both the artist to produce, and the audience to benefit, from a wide variety of plays, concerts and visual arts that are inherently theatrical, texturally rich and visually arresting.

Public Support and Revenue

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Donated materials are valued at amounts normally charged or paid for similar materials. These materials are included in the statements as both support and expenses. Donated materials valued at \$5,500 and \$7,500 were recorded at December 31, 2015 and 2014, respectively.

The Organization sells tickets for its productions to the general public. Patrons may purchase tickets for a full season, for several events or for a single event. Subscription revenue received in advance of a production season is reported as deferred revenue until the related season has begun.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of five years.

Advertising Expenses

Advertising is recorded as an expense when incurred.

Expense Allocations

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

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization believes that it has no uncertain tax positions that impact its financial statements.

The Center files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Organization includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functional expense. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash balance at one financial institution. This account is insured by the Federal Deposit Insurance Corporation. At December 31, 2015, the cash balance was fully insured.

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 2 – Concentration of Credit Risk (Continued)

Contribution revenue from one donor amounted to 41% and 51% of total revenue for the years ended December 31, 2015 and 2014, respectively.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Computer and theatre equipment	\$ 98,384	\$ 64,128
Web design	16,500	16,500
Automobile	5,499	5,499
Construction in progress	2,000	-
	<u>122,383</u>	<u>86,127</u>
Less accumulated depreciation	78,693	71,632
	<u>\$ 43,690</u>	<u>\$ 14,495</u>

Note 4 – Temporarily Restricted Net Assets

The temporarily restricted net assets are comprised of the following:

	<u>2015</u>	<u>2014</u>
Ticket subsidies 2016	\$ 9,600	\$ -
Time restricted for operations	17,400	30,000
Video equipment	6,016	-
Music programs	1,000	-
Productions	-	2,700
	<u>\$ 34,016</u>	<u>\$ 32,700</u>

Note 5 – Related Party Transactions/Lease Commitment

The Organization leases the theatre complex from the Organization's founder (a current board member) under a non-cancellable operating lease. In lieu of monthly rent payments, the Organization pays for operating and maintenance costs and 25% of property and liability insurance. In 2015 and 2014, the cost of operating and maintenance and property and liability insurance was \$73,556 and \$71,927, respectively. The rental agreement expires on December 31, 2016 and is expected to be renewed.

There is no stated minimum for these costs, but management expects the costs to remain consistent.

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 6 – Subsequent Events

Subsequent events were evaluated through May 25, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.