

Financial Statements

THE THEATRE AT BOSTON COURT

December 31, 2016



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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wensick & Caron

Pasadena, California
September 18, 2017

THE THEATRE AT BOSTON COURT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

WITH SUMMARIZED COMPARATIVE INFORMATION AT DECEMBER 31, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	\$ 80,613	\$ 43,205	\$ 123,818	\$ 186,118
Grants receivable, net of allowance for doubtful accounts of \$0	-	78,000	78,000	59,492
Other receivable, net of allowance for doubtful accounts of \$0	18,710	-	18,710	-
Prepaid expenses	53,438	-	53,438	36,183
Property and equipment, net	36,741	-	36,741	43,690
Total Assets	\$ 189,502	\$ 121,205	\$ 310,707	\$ 325,483
Liabilities				
Accounts payable	\$ 49,530	\$ -	\$ 49,530	\$ 65,252
Accrued salaries	5,917	-	5,917	20,006
Deferred revenue	16,546	-	16,546	19,171
Total Liabilities	71,993	-	71,993	104,429
Net Assets				
Unrestricted	117,509	-	117,509	187,038
Temporarily restricted	-	121,205	121,205	34,016
Total Net Assets	117,509	121,205	238,714	221,054
Total Liabilities and Net Assets	\$ 189,502	\$ 121,205	\$ 310,707	\$ 325,483

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, 2016
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Contributions and grants	\$ 649,939	\$ 238,500	\$ 888,439	\$ 1,172,543
Ticket and subscription revenue	156,179	-	156,179	191,595
Special events, net of direct expenses of \$16,589 in 2016 and \$22,204 in 2015	22,686	-	22,686	28,146
Concessions, workshop and other revenues	8,184	-	8,184	807
Rental revenue	12,355	-	12,355	7,345
Loss on disposal of property and equipment	(2,000)	-	(2,000)	-
Net assets released from program restrictions	151,311	(151,311)	-	-
Total Support and Revenue	998,654	87,189	1,085,843	1,400,436
Expenses				
Program services	792,687	-	792,687	1,101,035
Management and general	173,566	-	173,566	142,445
Fundraising	101,930	-	101,930	125,959
Total Expenses	1,068,183	-	1,068,183	1,369,439
Change in Net Assets	(69,529)	87,189	17,660	30,997
Net Assets, Beginning of Year	187,038	34,016	221,054	190,057
Net Assets, End of Year	\$ 117,509	\$ 121,205	\$ 238,714	\$ 221,054

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, 2016
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Cash received from donors	\$ 909,206	\$ 1,259,551
Cash received from service recipients	135,893	146,785
Cash paid to suppliers and employees	<u>(1,100,067)</u>	<u>(1,275,185)</u>
Net Cash (Used in) Provided by Operating Activities	(54,968)	131,151
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(7,332)</u>	<u>(36,256)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(62,300)	94,895
Cash and Cash Equivalents, Beginning	<u>186,118</u>	<u>91,223</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 123,818</u></u>	<u><u>\$ 186,118</u></u>
Reconciliation of the Change in Net Assets To Net Cash		
(Used in) Provided by Operating Activities		
Change in Net Assets	\$ 17,660	\$ 30,997
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Depreciation	12,281	7,061
Loss on disposal of property and equipment	2,000	-
(Increase) Decrease in:		
Grants receivable	(18,508)	42,158
Other receivable	(18,710)	-
Prepaid expenses	(17,255)	39,056
Increase (Decrease) in:		
Accounts payable	(15,722)	19,689
Accrued salaries	(14,089)	2,702
Deferred revenue	<u>(2,625)</u>	<u>(10,512)</u>
Net Cash (Used in) Provided by Operating Activities	<u><u>\$ (54,968)</u></u>	<u><u>\$ 131,151</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, 2016

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015	
	Program Services	Management & General	Fundraising	Total	Total
Salaries	\$ 184,737	\$ 99,744	\$ 73,215	\$ 357,696	\$ 402,825
Production costs and fees	335,642	-	-	335,642	578,055
Professional fees	48,756	24,378	8,126	81,260	34,873
Occupancy	55,980	10,496	3,498	69,974	80,631
Insurance	30,553	11,477	7,238	49,268	82,887
Publicity and marketing	46,501	2,674	-	49,175	63,248
Payroll tax	17,677	9,544	7,005	34,226	36,062
Employee benefits	32,554	-	-	32,554	29,205
Bank charges and credit card fees	11,757	618	-	12,375	15,011
Depreciation	9,825	1,228	1,228	12,281	7,061
Office supplies	1,846	6,453	922	9,221	9,749
Dues and memberships	4,888	3,457	445	8,790	6,249
Theatre supplies	5,673	-	-	5,673	8,121
Travel and meals	4,510	868	-	5,378	6,488
Postage and shipping	127	886	253	1,266	3,061
Contributions	1,200	-	-	1,200	-
Auto expense	140	809	-	949	1,323
Equipment and furniture	-	934	-	934	2,873
Concessions	321	-	-	321	1,717
Total	\$ 792,687	\$ 173,566	\$ 101,930	\$ 1,068,183	\$ 1,369,439

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

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 \$0 and \$5,500 were recorded at December 31, 2016 and 2015, 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, 2016

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, 2015.

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, 2016, the cash balance was fully insured.

THE THEATRE AT BOSTON COURT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2 – Concentration of Credit Risk (Continued)

Contribution revenue from one donor amounted to 52% and 41% of total revenue for the years ended December 31, 2016 and 2015, respectively.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Computer and theatre equipment	\$ 105,716	\$ 98,384
Web design	16,500	16,500
Automobile	5,499	5,499
Construction in progress	-	2,000
	<u>127,715</u>	<u>122,383</u>
Less accumulated depreciation	90,974	78,693
	<u>\$ 36,741</u>	<u>\$ 43,690</u>

Note 4 – Temporarily Restricted Net Assets

The temporarily restricted net assets are comprised of the following:

	<u>2016</u>	<u>2015</u>
Ticket subsidies	\$ 20,000	\$ 9,600
Time restricted for operations	2,500	17,400
Salaries	24,750	-
Video equipment	-	6,016
Gates productions	56,455	-
Music programs	17,500	1,000
	<u>\$ 121,205</u>	<u>\$ 34,016</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 2016 and 2015, the cost of operating and maintenance and property and liability insurance was \$65,921 and \$73,556, respectively. The rental agreement expires on December 31, 2019.

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, 2016

Note 6 – Subsequent Events

Subsequent events were evaluated through August XX, 2017, 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.