



CALIFORNIA CENTER FOR THE ARTS,
ESCONDIDO, FOUNDATION, INC.
AND CALIFORNIA CENTER FOR THE ARTS,
ESCONDIDO, FOUNDATION CHARITABLE TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for June 30, 2019)

COMBINED
FINANCIAL STATEMENTS

Focused
on YOU



CALIFORNIA CENTER FOR THE ARTS,
ESCONDIDO, FOUNDATION, INC.
AND
CALIFORNIA CENTER FOR THE ARTS,
ESCONDIDO, FOUNDATION CHARITABLE TRUST

COMBINED FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for June 30, 2019)

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ESCONDIDO, FOUNDATION, INC.
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ESCONDIDO, FOUNDATION CHARITABLE TRUST

COMBINED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for June 30, 2019)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
California Center for the Arts, Escondido, Foundation, Inc. and
California Center for the Arts, Escondido, Foundation Charitable Trust
Escondido, California

We have audited the accompanying combined financial statements of California Center for the Arts, Escondido, Foundation, Inc. (a nonprofit organization) and California Center for the Arts, Escondido, Foundation Charitable Trust (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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



To the Board of Trustees
California Center for the Arts, Escondido, Foundation, Inc. and
California Center for the Arts, Escondido, Foundation Charitable Trust
Escondido, California

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of California Center for the Arts, Escondido, Foundation, Inc. and California Center for the Arts, Escondido, Foundation Charitable Trust as of June 30, 2020, and related financial statements of activities, functional expenses and 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 year ended June 30, 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. Supplemental Information on pages 19-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 21, 2020

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Summarized Financial Information for June 30, 2019)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 891,530	\$ 843,165
Endowment:		
Restricted cash	23,907	29,147
Investments	1,130,742	1,122,457
Accounts receivable, net	28,033	75,422
Promises to give	5,900	41,250
Prepaid expenses	114,041	251,199
Inventory	17,956	33,329
Total Current Assets	2,212,109	2,395,969
Noncurrent		
Contribution receivable - charitable remainder trust	94,643	94,643
Property and equipment - net of accumulated depreciation	447,354	418,211
Total Noncurrent Assets	541,997	512,854
Total Assets	\$ 2,754,106	\$ 2,908,823
Liabilities and net assets		
Current Liabilities		
Accounts payable	\$ 95,235	\$ 237,599
Accrued expenses	211,329	249,346
Current portion of note payable	70,962	50,597
Advance ticket sales and deposits	522,324	858,486
Accrued compensated absences	146,265	159,471
Total Current Liabilities	1,046,115	1,555,499
Noncurrent		
Note payable, less current	195,086	173,808
Paycheck protection program loan	753,000	-
Total Noncurrent Liabilities	948,086	173,808
Total Liabilities	1,994,201	1,729,307
Net Assets		
Without donor restrictions		
Designated by the Board for endowment	1,116,680	1,117,669
Undesignated	(926,431)	(71,740)
	190,249	1,045,929
With donor restrictions		
Perpetual in nature	19,825	23,575
Time-restricted for future periods	74,818	71,068
Purpose restrictions	475,013	38,944
	569,656	133,587
Total Net Assets	759,905	1,179,516
Total Liabilities and Net Assets	\$ 2,754,106	\$ 2,908,823

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Financial Information for June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Revenues, Gains, and Other Support				
Ticket sales	\$ 1,560,445	\$ -	\$ 1,560,445	\$ 1,485,084
Center sales - food and beverage, net	1,058,086	-	1,058,086	1,377,031
Rentals - studio, theater and room, net	1,614,207	-	1,614,207	2,277,985
Tuition, registration, field trips	68,986	-	68,986	71,056
Management fee from the City of Escondido	788,365	-	788,365	762,440
In-kind contributions, City of Escondido				
Rent	4,361,225	-	4,361,225	4,149,131
Utilities and long-distance telephone	925,792	-	925,792	845,284
Government grants	95,080	-	95,080	66,489
Contributions	561,326	-	561,326	654,434
Contributions, City of Escondido	512,987	475,013	988,000	-
In-kind contributions	-	-	-	45,554
Investment income (loss)	38,006	-	38,006	68,414
Miscellaneous, net	154,821	-	154,821	211,679
Net assets released from restrictions	38,944	(38,944)	-	-
Total Revenues, Gains, and Other Support	11,778,270	436,069	12,214,339	12,014,581
Expenses:				
Program Services				
Performing arts	2,583,219	-	2,583,219	2,161,028
Museum	321,881	-	321,881	256,230
Education	691,293	-	691,293	669,709
Center sales and event services	2,865,345	-	2,865,345	3,117,328
Theater	1,780,803	-	1,780,803	1,976,259
Total Program Services	8,242,541	-	8,242,541	8,180,554
Supporting Services				
Management and general	3,966,694	-	3,966,694	3,675,007
Fundraising	424,715	-	424,715	429,396
Total Supporting Services	4,391,409	-	4,391,409	4,104,403
Total Expenses	12,633,950	-	12,633,950	12,284,957
Changes in net assets	(855,680)	436,069	(419,611)	(270,376)
Net Assets, Beginning of Fiscal Year	1,045,929	133,587	1,179,516	1,449,892
End of Fiscal Year	\$ 190,249	\$ 569,656	\$ 759,905	\$ 1,179,516

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for June 30, 2019)

	Program Services					Total Program Services
	Performing Arts	Museum	Education	Center Sales and Event Services	Theater	
Salaries, payroll taxes, and employee benefits	\$ 99,411	\$ 137,865	\$ 125,810	\$ 863,374	\$ 1,099,292	\$ 2,325,752
Professional fees and artist contracts	909,387	5,949	96,780	8,095	180,294	1,200,505
Advertising	131,031	14,431	729	8,972	22,862	178,025
Occupancy cost	978,845	43,337	322,885	1,101,029	30,196	2,476,292
Utilities	223,073	10,822	80,633	271,069	-	585,597
Printing and publications	-	1,695	867	-	-	2,562
Cost of sales	1,778	13,738	-	272,231	26,060	313,807
Bank charges and credit card fees	79	2,061	7	26,350	62,225	90,722
Supplies	3,644	1,730	418	61,742	(9,052)	58,482
Program service expense	5,979	33,763	237	-	(18,968)	21,011
Interest expense	-	-	-	1,239	5,392	6,631
Postage and shipping	-	11,305	10	-	661	11,976
Depreciation and other charges	-	-	-	4,590	43,702	48,292
Contract services	16,049	1,034	3,368	41,775	117,558	179,784
Rental and maintenance of equipment	157,590	8,725	56,963	192,076	10,000	425,354
Telephone	-	-	-	159	-	159
Computer expense	-	-	-	54	3,409	3,463
Production expense	49,268	8,908	2,399	226	50,810	111,611
Installation	-	19,069	-	-	-	19,069
Small equipment purchases	1,934	24	-	1,919	37,092	40,969
Travel, training, and artistic research	1,749	1,598	195	13	6,967	10,522
Recruitment	-	-	-	890	1,089	1,979
Graphics (signage)	-	1,412	-	-	-	1,412
Membership dues and subscriptions	13	350	-	60	314	737
Employee and volunteer relations	89	64	-	2,604	852	3,609
Taxes and licenses	-	-	-	5,849	28,157	34,006
Special and community events	-	-	-	-	-	-
Development	-	2,638	-	13	895	3,546
Tessitura	-	-	-	932	56,451	57,383
Bad debt expense (recovery)	-	-	-	-	-	-
Miscellaneous	3,300	1,363	(8)	84	24,545	29,284
Total Functional Expenses - Foundation	<u>\$ 2,583,219</u>	<u>\$ 321,881</u>	<u>\$ 691,293</u>	<u>\$ 2,865,345</u>	<u>\$ 1,780,803</u>	<u>\$ 8,242,541</u>

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for June 30, 2019)

Administrative and Finance	Fundraising	Operations	Facilities Renovation	Marketing	Management and General and Fundraising	2020	2019
\$ 456,523	\$ 134,677	\$ 344,120	\$ 74,643	\$ 267,981	\$ 1,277,944	\$ 3,603,696	\$ 4,222,501
89,550	45,861	3,135	505	12,986	152,037	1,352,542	968,323
3,958	1,043	-	-	9,873	14,874	192,899	198,731
584,911	146,802	571,658	56	124,648	1,428,075	3,904,367	3,846,484
129,749	36,661	142,657	-	31,128	340,195	925,792	845,284
1,352	3,247	-	-	7,065	11,664	14,226	16,524
-	-	-	-	-	-	313,807	374,115
2,563	212	-	-	115	2,890	93,612	116,191
10,761	895	19,678	1,978	6,472	39,784	98,266	164,168
-	-	-	-	-	-	21,011	3,650
266	-	20	-	-	286	6,917	7,891
6,524	4,569	124	-	468	11,685	23,661	20,839
2,877	-	-	-	-	2,877	51,169	48,506
17,272	3,150	211,720	18,748	323	251,213	430,997	392,677
92,861	25,899	113,532	216,579	22,260	471,131	896,485	541,641
13,054	-	-	-	-	13,054	13,213	15,672
2,873	-	215	-	145	3,233	6,696	11,910
48,500	1,299	-	-	87	49,886	161,497	160,904
-	-	-	-	-	-	19,069	12,285
341	319	6,557	148,188	323	155,728	196,697	53,190
1,133	440	14	-	417	2,004	12,526	24,265
1,537	-	45	35	170	1,787	3,766	2,832
33	-	-	-	-	33	1,445	25,045
2,050	380	-	-	2,193	4,623	5,360	10,273
3,338	66	1,658	-	103	5,165	8,774	11,211
9,940	-	50	-	-	9,990	43,996	29,880
260	779	-	-	1,772	2,811	2,811	1,307
2,579	1,939	6	-	444	4,968	8,514	32,341
4,734	16,477	-	2,256	14,695	38,162	95,545	76,837
-	-	-	-	-	-	-	(377)
83,997	-	9,897	-	1,416	95,310	124,594	49,857
<u>\$ 1,573,536</u>	<u>\$ 424,715</u>	<u>\$ 1,425,086</u>	<u>\$ 462,988</u>	<u>\$ 505,084</u>	<u>\$ 4,391,409</u>	<u>\$ 12,633,950</u>	<u>\$ 12,284,957</u>

See Notes to Combined Financial Statements

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Financial Information for June 30, 2019)

	2020	2019
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (419,611)	\$ (270,376)
Adjustment to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	51,169	48,506
Net realized and unrealized (gains) losses on investments	(8,285)	(250,214)
(Increase) decrease in assets:		
Accounts receivable	47,389	101,757
Promises to give	35,350	26,950
Notes receivable	-	10,711
Prepaid expenses	137,158	(114,425)
Inventory	15,373	(5,676)
Increase (decrease) in liabilities:		
Accounts payable	(142,364)	96,962
Accrued expenses	(38,017)	62,422
Advance ticket sales and deposits	(336,162)	145,323
Accrued compensated absences	(13,206)	37,890
Net Cash Flows Used in Operating Activities	(671,206)	(110,170)
Cash Flows From Investing Activities		
Purchase of property and equipment	(80,312)	(58,894)
Net Cash Flows Used in Investing Activities	(80,312)	(58,894)
Cash Flows From Financing Activities		
Proceeds from loans	853,000	-
Repayments on notes payable	(58,357)	(37,083)
Net Cash Flows Provided by (Used in) in Financing Activities	794,643	(37,083)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	43,125	(206,147)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	872,312	1,078,459
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 915,437	\$ 872,312
Cash, Cash Equivalents and Restricted Cash reconciliation:		
Cash and cash equivalents	\$ 891,530	\$ 843,165
Endowment: Restricted cash	23,907	29,147
Total	\$ 915,437	\$ 872,312
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 6,917	\$ 7,891
Non-cash Investing Activities		
Purchase of equipment, financed (notes payable)	\$ -	\$ 261,500

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1: Organization and Summary of Significant Accounting Policies

Nature of Activities

California Center for the Arts, Escondido, Foundation, Inc. (the Foundation) is the combined financial reporting entity for the California Center for the Arts, Escondido, Foundation Inc. (the Arts Center) and its supporting organization California Center for the Arts, Escondido, Foundation Charitable Trust (the Trust).

The Arts Center is a California nonprofit public benefit corporation established to foster development in the community for the performing arts, the visual arts and art education. Its activities include, but are not limited to, conference center activities and sponsoring professional presentations such as plays, theater, ballet, musical concerts, and other similar productions, as well as art or museum exhibits. The major sources of revenue for the Arts Center are ticket sales, food and beverage sales, a management fee from the City of Escondido, and donations.

The Trust is a California non-profit public benefit corporation established to support the Arts Center's activities. It holds and receives titles to collectables displayed throughout the campus of the Arts Center. In addition, it invests assets and distributes earnings from those assets to the Arts Center for its operations.

Basis for Combination

The combined financial statements of the Foundation include the operations of the Arts Center and the Trust. Significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Comparative Financial Information

The accompanying financial statements include certain prior year 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 GAAP. Accordingly, such information should be read in conjunction with audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between period presented. The reclassifications had no impact on previously reported net assets balances.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Endowment

As of June 30, 2020, the Foundation has Board of Trustees designated funds of \$1,154,649 which is a general endowment fund to support the programs and mission of the Foundation. The endowment fund is maintained by the Trust. The Foundation has interpreted California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the fund. As a result of this interpretation, the Foundation retains in perpetuity the original value of initial and subsequent designated amounts and any accumulations to the endowment. Designated amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIF. The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide acceptable long-term returns and protect the principal from inflation while assuming a moderate level of investment risk.

This endowment fund is designated by the board and is not donor restricted, it is classified and reported as net assets without donor restriction in the accompanying statement of financial position.

Revenue Recognition

Contribution Revenue and Government Grants

Contributions and government grants, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purposes.

Donated Services and In-Kind Contributions

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The Foundation received a substantial amount of services donated by volunteers in carrying out the Foundation's program services. No amounts have been recorded for those services, as they do not meet the requirements for recognition in the financial statements.

The financial statements reflect an estimate of the fair rental value of the facilities and equipment and building maintenance expenses provided by the City of Escondido (City). In-kind contributions for rental of the facilities and equipment are estimated determined by using the square footage of the facilities and going rent rate of the similar facilities in the area. The management estimated in-kind contribution for the facilities and equipment to be \$4,361,225 for the year ended June 30, 2020. The City also paid utilities and long-distance telephone on behalf of the Foundation in the amount of \$925,792 for the year ended June 30, 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Revenue, Sales and Fees

Revenue from ticket sales, center sales, rentals, tuition, management fee from the City included in the accompanying the combined statement of activities are considered revenue from contracts with customers and recognized as revenue when control of promised goods or services is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. Payments received but the Foundation has not provided goods or services are recorded as advance ticket sales and deposits and is reflected as a liability on the accompanying statement of financial position.

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2020, was \$192,899.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less. Cash included in endowment fund is considered restricted cash.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

Fair Value Measurements

In determining the fair value of investments, the Trust utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Trust determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 2 - Inputs to the valuation methodology (other than Level 1 prices) include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

All investments are considered level 1 investments at June 30, 2020.

Accounts Receivable

Accounts receivable primarily represent noninterest-bearing due amount for conference center and theater rentals. The Foundation determines the allowance for uncollectable accounts receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the Foundation's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. As of June 30, 2020, the allowance was \$5,000.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. The Foundation determines the allowance for uncollectable accounts receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There was no allowance recorded as of June 30, 2020.

Inventory

Inventory consists of food and beverage inventory for the conference center. Inventory is recorded at the lower of cost (first-in, first-out method) or net realizable value. Donated items are recorded at estimated fair market value at date of donation.

Property and Equipment

Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenses for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 3 to 20 years.

Long-lived assets of the Foundation are reviewed annually as to whether carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. There were no indicators of asset impairment during the year ended June 30, 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Collections

Collections consist of sculptures and other contemporary art pieces which are owned by the Trust. Collections acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets and as decreases in donor restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the combined statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the combined statement of activities based on the absence or existence and nature of donor-imposed restrictions. The Foundation occasionally acquires and disposes of art objects in order to maintain a collection that best suits the museum's purpose. The Collections Committee reviews and approves art purchases and deaccessions. Members of the committee follow a conflict-of-interest policy. Objects in the collection shall be retained permanently in the Museum as long as they continue to serve the objectives and purposes of the Museum, and if the objects can be properly stored, preserved, and used.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation may, however, be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2020, no provision for income taxes has been made. The foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management of the Foundation has determined that the Foundation is not subject to unrelated business income tax.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated board-designated endowment from net assets without donor restrictions.

Net assets with donor restrictions - The Foundation report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Foundation maintains cash balances at financial institutions located in California. Certain accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Foundation held cash in excess of federally insured limits.

The Foundation invests in various types of marketable securities and money market funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified. Investment securities in general are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Subsequent Events

Events occurring after June 30, 2020 have been evaluated for possible adjustment to the financial statements or disclosure as of December 21, 2020, which is the date the financial statements were available to be issued.

Newly Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, required entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Organization adopted this standard on July 1, 2019 using the modified retrospective transition method. The adoption of this standard did not have a material impact on the amount and timing of revenue recognition for revenue from ticket sales, center sales, rentals, tuition, management fee from the City.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Foundation adopted this standard prospectively for contribution received for the fiscal year ended June 30, 2019. The adoption of this standard did not materially affect the combined changes in net assets, financial position, or cash flows.

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: 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	\$	891,530
Accounts receivable, net		28,033
Promises to give		5,900
	\$	<u>925,463</u>

Board-designated endowment of \$1,154,649 is subject to an annual spending rate of 3.5 percent as described in Note 6. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3: Investments

Investment which are held by the Trust consists of the following securities which are carried at fair value based on quoted prices in active markets (Level 1) at June 30, 2020:

	Cost	Fair Value
Fixed income	\$ 189,975	\$ 189,898
Equities	17,219	14,099
Bond Funds	45,646	45,067
Exchange Traded Funds	<u>877,902</u>	<u>873,393</u>
Totals	<u>\$ 1,130,742</u>	<u>\$ 1,122,457</u>

Note 4: Inventory

Inventory consists of food and beverages inventory and valued at cost.

Note 5: Property and Equipment

Property and equipment consisted of the following at June 30, 2020:

Operating equipment/furniture	\$ 1,038,123
Tenant improvements	168,745
Computer software	<u>12,050</u>
	1,218,918
Less accumulated depreciation	<u>(771,564)</u>
	<u>\$ 447,354</u>

Depreciation expense for the year ended June 30, 2020, was \$51,169.

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6: Endowment

The Foundation's endowment is held by the Trust, which was established on May 2, 2002, a 501(C)(3) Type III Supporting Organization. It was formed as a means of establishing a permanent endowment fund and to hold and administer certain other assets for the support and benefit of the Foundation in order to further the charitable, educational and artistic purposes of the Foundation. The Trust may support the benefit of the Foundation through grants and contributions to the Foundation. The Trust may also support and benefit the Foundation through the conducting or sponsorship of programs, events, or activities which further the specified purposes of the Foundation.

The Foundation's endowment includes donor-restricted funds of \$19,825 (under split interest agreement) as of June 30, 2020 and endowment fund maintained by the Trust of \$1,154,649, which have been designated for endowment by the Board, without donor restriction as of June 30, 2020. For Board designated endowment fund, the Trust Agreement stipulates investment and distribution requirements for endowment assets that attempt to provide acceptable long-term returns and protect the principal from inflation while assuming a moderate level of investment risk. To satisfy its long-term objectives, a substantial portion of the endowment assets are invested with equity mutual funds and marketable equity securities. The Trust Agreement has a distribution policy whereby distributions can be made for as much of the net income and appreciation of principal of the assets held in the endowment fund as requested by the Foundation in accordance with distribution requests submitted to the Trustee at the beginning of each fiscal year. If no distribution request is received by the Trustee by June 1 of each year, the Trustee shall distribute an amount equal to three and one-half percent (3 1/2%) of the fair market value of the endowment fund.

Changes in endowment net assets are as follows:

	As of June 30, 2020	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,151,604	\$ 19,825
Investment return, net	36,980	-
Contributions received	-	-
Contributions to Foundation	(33,935)	-
Endowment net assets, end of year	<u>\$ 1,154,649</u>	<u>\$ 19,825</u>

\$19,825 of endowment with donor restrictions is included in contribution receivable-charitable remainder trust in the accompanying combined statement of financial position.

\$1,151,604 of endowment without donor restrictions consists of \$1,130,742 of investments and \$23,907 of restricted cash in the accompanying combined statement of financial position.

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 7: Split-Interest Agreements

The Foundation has been named a remainder beneficiary of a charitable remainder unitrust, which was created in 1996, upon the death of the trust settlor. Two income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year equal to the lesser of the trust income for the taxable year or 12% of the net fair market value of the trust assets determined annually on the valuation date of that taxable year, increased, or decreased on a daily prorated basis during short taxable years and the last taxable year. Upon the death of each beneficiary, fifty percent of the remaining principal is to be distributed to the Foundation. A noncurrent asset for the charitable remainder unitrust has been recognized in the amount of \$19,825 as of June 30, 2020. Since this amount was restricted in perpetuity by the donor, it is included as part of the endowment, as detailed in Note 9.

The Foundation has been named a beneficiary of a life insurance trust, which was created in 2001, upon the death of the trust settlor. During the lifetime of the settlor, the trustee is instructed to pay first from income and, to the extent that income is insufficient, from principal, all the premiums on any and all policies of life insurance on the life of the settlor. If any income remains after those withdrawals, the trustee shall pay or apply for the benefit of the settlor's living children during the lifetime of each of them as much of the net income of the trust as the trustee deems necessary to pay for the health, education, support, and maintenance of each of them. Upon the death of the settlor, the trustee will distribute the sum of \$100,000 or 3% of the value of the trust (whichever is greater) to the Foundation. A noncurrent asset for the charitable remainder unitrust has been recognized in the amount of \$74,818 as of June 30, 2020. The value of the agreement has been discounted using a rate of 5%.

Note 8: Note Payable to City of Escondido

In October 2018, the Foundation entered into a loan agreement with the City in the amount of \$261,500 to finance the purchase of equipment. The note bears interest at 2.598% per annum and has a maturity date of September 2023. Fixed monthly payments of \$4,652 are due on the first day of each month, beginning October 2018. The balance of the note is \$224,405 at June 30, 2020. The note is not secured by any collateral.

In February 2020, the Foundation entered into a loan agreement with the City in the amount of \$100,000. The note bears interest at 3.069% per annum and has a maturity date of January 1, 2025. Fixed monthly payments of \$1,799 are due on the first day of each month, beginning February 1, 2020. The balance of the note is \$92,239 at June 30, 2020. The note is not secured by any collateral.

Future principal payments due on the related party note payable for year subsequent to June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 70,962
2022	72,919
2023	74,931
2024	34,764
2025	12,472
	<u>\$ 266,048</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9: Paycheck Protection Program Loan

In May 2020, the Foundation received loan proceeds in the amount of \$753,000 under Paycheck Protection Program ("PPP"). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purpose including payroll, benefits, rent and utilities, and maintains its payroll levels. The Company applied for the forgiveness subsequent to year end and waiting for the approval as of the date of this report.

Note 10: Insurance

The Foundation purchased commercial general and automobile liability coverage in the amount of \$10,000,000 with a \$25,000 self-insured retention per occurrence. The Foundation also purchased employment practices liability coverage in the amount of \$2,000,000 per occurrence with a self-insured retention of \$10,000. The Foundation also purchased cyber liability coverage with an affected persons annual policy and program aggregate for all members combined limit of \$3,500,000 with a \$100,000 affected person limit and annual member aggregate and a \$10,000,000 annual policy and program aggregate for all members combined with a \$250,000 annual aggregate limit for each member. The cyber liability policy's self-insured retention amount is \$10,000. The Foundation also purchased workers compensation and employer's liability insurance with a limit of \$1,000,000 per accident and per employee.

The City owns the Foundation's buildings. Insurance for the buildings is obtained through the City's insurance coverage. The Foundation purchased personal property insurance which includes business income in the amount of \$6,006,377 with a deductible of \$2,500 and fine art insurance in the amount of \$50,000 per loss.

Note 11: Lease Commitments

The Foundation entered into several leasing agreements for various operating equipment and one-time agreements for the rental of space and equipment. Total expense for the rental of space and equipment under operating leases (excluding in-kind donation from the City) for the year ended June 30, 2020 was approximately \$200,000. Future minimum annual rental commitments under non-cancelable operating terms as of June 30, 2020, are as follows:

Year Ending	Amount
2021	\$ 78,984
2022	78,984
2023	78,984
2024	78,984
2025	6,582
Total	<u>\$ 322,518</u>

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020

Note 12: Related Party Transactions

The Foundation is economically dependent on the City in addition to the contributed services and use of facilities described in Note 1. The City and the Foundation has management agreement. Based on the agreement, the Foundation received a management fee of \$788,365 for the year ended June 30, 2020.

In October 2014, the City and the Foundation entered into an amended occupancy license and management agreement. The revised agreement stipulates that the Foundation's assets and revenues are the assets and revenues of the City. The City will continue to pay for routine expenses related to the upkeep and maintenance of the Foundation; however, it will no longer subsidize operating losses.

The Foundation received contributions of \$938,000 from the city for repair and maintenance of conference center and other facilities which are used by the Foundation's operation. The contribution was recorded as donor-restricted contributions.

Note 13: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	As of
	June 30, 2020
Subject to expenditure for specified purpose:	
Repair of facilities	\$ 475,013
Subject to the passage of time:	
Life insurance trust	74,818
Not subject to spending policy or appropriation:	
Beneficiary interest in unitrust	19,825
	<u>\$ 569,656</u>

Note 14: Commitments and Contingencies

The Foundation is subject to various legal claims and proceedings arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolutions of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Foundation.

Note 15: Employee Benefit Plan

The Foundation's employees are able to participate in a section 403(b) retirement savings plan once they meet the qualifications. No contributions were made by the Foundation for the year ended June 30, 2020.

SUPPLEMENTARY INFORMATION

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	California Center for the Arts, Escondido, Foundation	California Center for the Arts, Escondido, Foundation Charitable Trust	Elimination	Combined 2020
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 891,530	\$ -	\$ -	\$ 891,530
Endowment				
Restricted cash		23,907		23,907
Investments	-	1,130,742	-	1,130,742
Accounts, net of allowance for doubtful accounts	28,033	-	-	28,033
Due from Trust	37,969	-	(37,969)	-
Promises to give	5,900	-	-	5,900
Prepaid expenses	114,041	-	-	114,041
Inventory	17,956	-	-	17,956
Total Current Assets	1,095,429	1,154,649	(37,969)	2,212,109
Noncurrent:				
Restricted:				
Contribution receivable - charitable remainder trust	94,643	-	-	94,643
Property and equipment - net of accumulated depreciation	447,354	-	-	447,354
Total Noncurrent Assets	541,997	-	-	541,997
Total Assets	\$ 1,637,426	\$ 1,154,649	\$ (37,969)	\$ 2,754,106
LIABILITIES AND NET ASSETS				
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 95,235	\$ -	\$ -	\$ 95,235
Due to Foundation	-	37,969	(37,969)	-
Accrued expenses	211,329	-	-	211,329
Current portion of note payable	70,962	-	-	70,962
Advance ticket sales and deposits	522,324	-	-	522,324
Accrued compensated absences	146,265	-	-	146,265
Total Current Liabilities	1,046,115	37,969	(37,969)	1,046,115
Noncurrent:				
Note payable, less current	195,086	-	-	195,086
Paycheck protection program loan	753,000	-	-	753,000
Accrued compensated absences	-	-	-	-
Total Noncurrent Liabilities	948,086	-	-	948,086
Total Liabilities	1,994,201	37,969	(37,969)	1,994,201
Net Assets:				
Without donor restriction				
Designated by the Board for endowment	-	1,116,680	-	1,116,680
Undesignated	(926,431)	-	-	(926,431)
	(926,431)	1,116,680	-	190,249
With donor restriction				
Perpetual in nature	19,825	-	-	19,825
Time-restricted for future periods	74,818	-	-	74,818
Purpose restrictions	475,013	-	-	475,013
	569,656	-	-	569,656
Total Net Assets	(356,775)	1,116,680	-	759,905
Total Liabilities and Net Assets	\$ 1,637,426	\$ 1,154,649	\$ (37,969)	\$ 2,754,106

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

**COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	California Center for the Arts, Escondido, Foundation		
	Without Donor Restrictions	Donor Restrictions	Total
Revenues, Gains, and Other Support			
Ticket sales	\$ 1,560,445	\$ -	\$ 1,560,445
Center sales - food and beverage, net	1,058,086	-	1,058,086
Rentals - studio, theater and room, net	1,614,207	-	1,614,207
Tuition, registration, field trips	68,986	-	68,986
Management fee	788,365	-	788,365
In-kind contributions, City of Escondido			
Rent	4,361,225	-	4,361,225
Utilities and long-distance telephone	925,792	-	925,792
Government grants	95,080	-	95,080
Contributions, City of Escondido	512,987	475,013	988,000
contributions	561,326	-	561,326
Investment income (loss)	1,026	-	1,026
Miscellaneous, net	154,821	-	154,821
Investment income transferred from endowment	37,969	-	37,969
Net assets released from restrictions	38,944	(38,944)	-
Total Revenues, Gains, and Other Support	11,779,259	436,069	12,215,328
Program Services			
Performing arts	2,583,219	-	2,583,219
Museum	321,881	-	321,881
Education	691,293	-	691,293
Center sales and event services	2,865,345	-	2,865,345
Theater	1,780,803	-	1,780,803
Total Program Services	8,242,541	-	8,242,541
Supporting Services			
Administration and finance	1,573,536	-	1,573,536
Fundraising	424,715	-	424,715
Marketing	505,084	-	505,084
Facilities renovation	462,988	-	462,988
Operations	1,425,086	-	1,425,086
Total Supporting Services	4,391,409	-	4,391,409
Total Expenses	12,633,950	-	12,633,950
Increase (Decrease) In			
Changes in net assets	(854,691)	436,069	(418,622)
Net Assets, Beginning of Fiscal Year	(71,740)	133,587	61,847
Net Assets, End of Fiscal Year	\$ (926,431)	\$ 569,656	\$ (356,775)

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

**COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	California Center for the Arts, Escondido, Foundation Charitable Trust	
	Without Donor Restrictions	Total
Revenues, Gains, and Other Support		
Ticket sales	\$ -	\$ -
Center sales - food and beverage, net	-	-
Rentals - studio, theater and room, net	-	-
Tuition, registration, field trips	-	-
Management fee	-	-
In-kind contributions, City of Escondido		
Rent	-	-
Utilities and long-distance telephone	-	-
Government grants	-	-
Contributions, City of Escondido	-	-
contributions		-
Investment income (loss)	36,980	36,980
Miscellaneous, net	-	-
Investment income transferred from endowment	(37,969)	(37,969)
Net assets released from restrictions	-	-
Total Revenues, Gains, and Other Support	(989)	(989)
Program Services		
Performing arts	-	-
Museum	-	-
Education	-	-
Center sales and event services	-	-
Theater	-	-
Total Program Services	-	-
Supporting Services		
Administration and finance	-	-
Fundraising	-	-
Marketing	-	-
Facilities renovation	-	-
Operations	-	-
Total Supporting Services	-	-
Total Expenses	-	-
Increase (Decrease) In		
Changes in net assets	(989)	(989)
Net Assets, Beginning of Fiscal Year	1,117,669	1,117,669
Net Assets, End of Fiscal Year	\$ 1,116,680	\$ 1,116,680

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

**COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Combined Totals		
	Without Donor Restrictions	Donor Restrictions	Total
Revenues, Gains, and Other Support			
Ticket sales	\$ 1,560,445	\$ -	\$ 1,560,445
Center sales - food and beverage, net	1,058,086	-	1,058,086
Rentals - studio, theater and room, net	1,614,207	-	1,614,207
Tuition, registration, field trips	68,986	-	68,986
Management fee	788,365	-	788,365
In-kind contributions, City of Escondido			
Rent	4,361,225	-	4,361,225
Utilities and long-distance telephone	925,792	-	925,792
Government grants	95,080	-	95,080
Contributions, City of Escondido	512,987	475,013	988,000
contributions	561,326	-	561,326
Investment income (loss)	38,006	-	38,006
Miscellaneous, net	154,821	-	154,821
Investment income transferred from endowment	-	-	-
Net assets released from restrictions	38,944	(38,944)	-
Total Revenues, Gains, and Other Support	11,778,270	436,069	12,214,339
Program Services			
Performing arts	2,583,219	-	2,583,219
Museum	321,881	-	321,881
Education	691,293	-	691,293
Center sales and event services	2,865,345	-	2,865,345
Theater	1,780,803	-	1,780,803
Total Program Services	8,242,541	-	8,242,541
Supporting Services			
Administration and finance	1,573,536	-	1,573,536
Fundraising	424,715	-	424,715
Marketing	505,084	-	505,084
Facilities renovation	462,988	-	462,988
Operations	1,425,086	-	1,425,086
Total Supporting Services	4,391,409	-	4,391,409
Total Expenses	12,633,950	-	12,633,950
Increase (Decrease) In			
Changes in net assets	(855,680)	436,069	(419,611)
Net Assets, Beginning of Fiscal Year	1,045,929	133,587	1,179,516
Net Assets, End of Fiscal Year	\$ 190,249	\$ 569,656	\$ 759,905

CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO, FOUNDATION, INC.

**OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>
Performing Arts	
Performing arts ticket sales	\$ 182,413
Patron user fees and memberships	107,878
Performing arts ticket services	<u>1,270,154</u>
Total Ticket Sales	<u><u>\$ 1,560,445</u></u>
 Center Sales - Food and Beverage, Net	
Merchandise	\$ 9,714
Theater concessions and conference center	<u>1,048,372</u>
Total Center Sales - Food and Beverage, Net	<u><u>\$ 1,058,086</u></u>
 Rentals - Studio, Theater and Room, Net	
Theater rentals	\$ 359,713
Conference hall	89,413
Labor reimbursement and BMI licensing fees	388,141
Cell tower rental	39,071
Studio and conference center rental	373,154
Sale of services to rental clients	<u>364,715</u>
Total Rentals - Studio, Theater and Room, Net	<u><u>\$ 1,614,207</u></u>