

Livermore Valley Performing Arts Center

Financial Statements

June 30, 2023

(With Comparative Totals for 2022)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Livermore Valley Performing Arts Center
Livermore, California

Opinion

We have audited the accompanying financial statements of Livermore Valley Performing Arts Center (a California nonprofit corporation) (the "Center"), 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Livermore Valley Performing Arts Center as of June 30, 2023, 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.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 4 to the financial statements, the Center has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases*, on July 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 Livermore Valley Performing Arts Center's 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

Our 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 our 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, we:

- 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 Livermore Valley Performing Arts Center's 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Livermore Valley Performing Arts Center's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited Livermore Valley Performing Arts Center's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2023. In our 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Jose, California

March 8, 2024

Livermore Valley Performing Arts Center
Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 525,731	\$ 2,165,329
Restricted cash	74,921	46,667
Investments	942,171	-
Contributions receivable, net	481,642	385,205
Accounts receivable	28,361	9,515
Employee retention credit receivable	238,489	-
Prepaid expenses and deposits	116,176	60,845
Property and equipment, net	2,022,013	13,183,668
Construction in progress	22,701	22,701
Right-of-use lease assets - financing	10,307,936	-
Total assets	\$ 14,760,141	\$ 15,873,930
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 140,002	\$ 180,185
Accrued expenses	244,462	226,973
Deferred revenue	374,336	280,980
Line of credit	150,000	-
Right-of-use lease liabilities - financing	1,893,778	-
Capital leases payable	-	192,780
Present value of purchase option	-	1,710,702
Economic Injury Disaster Loan	500,000	500,000
Loan payable - Paycheck Protection Program	-	327,500
Total liabilities	3,302,578	3,419,120
Net assets		
Without donor restrictions	9,459,300	10,993,086
With donor restrictions	1,998,263	1,461,724
Total net assets	11,457,563	12,454,810
Total liabilities and net assets	\$ 14,760,141	\$ 15,873,930

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

Livermore Valley Performing Arts Center
Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and revenue				
Support				
Contributions	\$ 209,978	\$ 991,479	\$ 1,201,457	\$ 1,466,735
Special events	163,990	-	163,990	129,813
Special events direct expenses	(276,778)	-	(276,778)	(245,078)
Government grants	39,400	-	39,400	1,199,840
Employee retention tax credit	238,489	-	238,489	-
Forgiveness of loan payable - Paycheck Protection Program	327,500	-	327,500	-
Contributions in-kind	185,343	-	185,343	145,085
Net assets released from restriction	454,940	(454,940)	-	-
Total support	<u>1,342,862</u>	<u>536,539</u>	<u>1,879,401</u>	<u>2,696,395</u>
Revenue				
Ticket revenue - LVPAC presents	801,833	-	801,833	1,039,036
Ticket services revenue	346,509	-	346,509	307,424
Theater rental revenue	330,639	-	330,639	269,716
Concessions revenue	132,160	-	132,160	86,768
Bothwell Arts Center revenue	151,643	-	151,643	125,426
Other revenue	28,829	-	28,829	26,633
Unrealized gains on investments	38,903	-	38,903	-
Interest income	7,578	-	7,578	476
Total revenue	<u>1,838,094</u>	<u>-</u>	<u>1,838,094</u>	<u>1,855,479</u>
Total support and revenue	<u>3,180,956</u>	<u>536,539</u>	<u>3,717,495</u>	<u>4,551,874</u>
Functional expenses				
Program services	<u>4,025,235</u>	<u>-</u>	<u>4,025,235</u>	<u>3,890,908</u>
Support services				
Management and general	455,860	-	455,860	424,858
Fundraising	233,647	-	233,647	194,700
Total support services	<u>689,507</u>	<u>-</u>	<u>689,507</u>	<u>619,558</u>
Total functional expenses	<u>4,714,742</u>	<u>-</u>	<u>4,714,742</u>	<u>4,510,466</u>
Change in net assets (Note 2)	(1,533,786)	536,539	(997,247)	41,408
Net assets, beginning of year	<u>10,993,086</u>	<u>1,461,724</u>	<u>12,454,810</u>	<u>12,413,402</u>
Net assets, end of year	<u>\$ 9,459,300</u>	<u>\$ 1,998,263</u>	<u>\$ 11,457,563</u>	<u>\$ 12,454,810</u>

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

Livermore Valley Performing Arts Center
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Salaries and benefits					
Salaries and wages	\$ 994,614	\$ 263,178	\$ 146,908	\$ 1,404,700	\$ 1,221,083
Employee benefits	156,618	41,441	23,133	221,192	212,099
Payroll taxes	80,728	21,361	11,924	114,013	109,987
Total salaries and benefits	<u>1,231,960</u>	<u>325,980</u>	<u>181,965</u>	<u>1,739,905</u>	<u>1,543,169</u>
Artist fees	892,187	-	-	892,187	1,012,951
Amortization	755,370	15,736	15,736	786,842	-
Special events direct expenses	-	-	276,778	276,778	245,078
Advertising	210,490	-	-	210,490	175,608
Facility and equipment expenses	172,680	202	202	173,084	152,963
Utilities	126,425	2,634	2,634	131,693	114,249
Information technology	93,905	8,286	8,286	110,477	88,501
Professional services	23,290	82,805	-	106,095	113,754
Depreciation	100,540	507	507	101,554	869,554
Bank fees and payroll fees	85,374	4,875	2,512	92,761	78,496
Office expenses	87,675	140	141	87,956	58,119
Interest	61,892	1,289	1,289	64,470	63,469
Insurance	49,414	1,653	1,653	52,720	57,496
Printing and publications	25,431	4,086	6,146	35,663	52,882
Telephone and telecommunications	21,829	1,926	1,926	25,681	21,151
Travel and meeting expenses	11,804	4,722	7,083	23,609	18,364
Rent	18,247	380	380	19,007	20,341
Communications - public relations	16,445	-	-	16,445	28,434
Production supplies	14,004	-	-	14,004	16,430
Other expenses	11,365	-	-	11,365	4,097
Postage, shipping and delivery	7,024	439	1,317	8,780	8,593
Volunteer events	7,884	-	-	7,884	144
Recruitment	-	200	-	200	200
Bad debt expense	-	-	1,870	1,870	11,501
Total expenses	<u>4,025,235</u>	<u>455,860</u>	<u>510,425</u>	<u>4,991,520</u>	<u>4,755,544</u>
Special events direct expenses	<u>-</u>	<u>-</u>	<u>(276,778)</u>	<u>(276,778)</u>	<u>(245,078)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 4,025,235</u>	<u>\$ 455,860</u>	<u>\$ 233,647</u>	<u>\$ 4,714,742</u>	<u>\$ 4,510,466</u>
Percentage of total	<u>85.3 %</u>	<u>9.7 %</u>	<u>5.0 %</u>	<u>100.0 %</u>	

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

Livermore Valley Performing Arts Center
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (997,247)	\$ 41,408
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	101,554	869,554
Amortization of present value of purchase option	38,018	37,192
Forgiveness of loan payable - Paycheck Protection Program	(327,500)	-
Right-of-use lease asset - financing amortization	786,842	-
Unrealized gain on investments	(38,903)	-
Changes in operating assets and liabilities		
Contributions receivable, net	(96,437)	(100,383)
Accounts receivable	(18,846)	1,594
Employee retention credit receivable	(238,489)	-
Inventory	-	12,334
Prepaid expenses and deposits	(55,331)	20,851
Accounts payable	(40,183)	93,384
Accrued expenses	17,489	7,621
Deferred revenue	93,356	(104,098)
Net cash provided by (used in) operating activities	<u>(775,677)</u>	<u>879,457</u>
Cash flows from investing activities		
Purchase of property and equipment	(34,677)	(319,324)
Proceeds from sales of investments	109,091	-
Purchase of investments	(1,012,359)	-
Net cash used in investing activities	<u>(937,945)</u>	<u>(319,324)</u>
Cash flows from financing activities		
Principal payments on right-of-use lease liabilities - financing	(47,722)	-
Principal payments on capital lease obligations	-	(36,281)
Proceeds from Economic Injury Disaster Loan	-	350,000
Proceeds on line of credit	150,000	-
Repayments on line of credit	-	(150,000)
Net cash provided by financing activities	<u>102,278</u>	<u>163,719</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,611,344)	723,852
Cash, cash equivalents and restricted cash, beginning of year	<u>2,211,996</u>	<u>1,488,144</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 600,652</u>	<u>\$ 2,211,996</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 525,731	\$ 2,165,329
Restricted cash	<u>74,921</u>	<u>46,667</u>
	<u>\$ 600,652</u>	<u>\$ 2,211,996</u>

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

Livermore Valley Performing Arts Center
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 67,587	\$ 47,996
Supplemental schedule of noncash investing and financing activities		
Right-of-use lease assets obtained with right-of-use lease liability financing (See Note 18)	\$ 22,606,919	\$ -

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

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

1. NATURE OF OPERATIONS

The Livermore Valley Performing Arts Center (the "Center" or "LVPAC") is a California nonprofit public benefit corporation recognized by the Internal Revenue Service as a charitable, tax-exempt organization pursuant to section 501(c)(3) of the Internal Revenue Code. The Center was organized in August 1998 as the Livermore Valley Conference and Cultural Center and changed its name to the Livermore Valley Performing Arts Center in November 2004. The Center's mission is to offer a broad range of arts opportunities and experiences to engage our diverse community. The Center also strives to enhance the public's appreciation, enjoyment, and understanding of the arts; and serve as a catalyst for the continued economic enhancement of both the City of Livermore and the surrounding Tri-Valley region.

The Center completed the construction of the 500-Seat Bankhead Theater ("500-Seat Theater") in downtown Livermore in September 2007 and has presented/hosted many successful seasons of local, national, and international performing arts events. In addition to the Bankhead Theater, LVPAC operates the Bothwell Arts Center, a multi-purpose facility for the support of local visual and performing artists and organizations, under a lease agreement with the Livermore Area Recreation and Park District.

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In the United States, several states, including California, where LVPAC is located, declared a state of emergency. On March 12, 2020, LVPAC's 2019-2020 Season was cut short when the California Department of Public Health forced all non-essential businesses to close. All operations at the Bankhead Theater and Bothwell Arts Center were temporarily shut down. Shortly after the initial shutdown, LVPAC transitioned from live events and classes and began offering only virtual art classes, open mic nights, live speaker events, and concerts. This continued exclusively until Alameda County Department of Public Health relaxed some restrictions, and LVPAC was allowed to resume limited in-person operations in April 2021. In fiscal year 2022 was the first full year of operations since the COVID-19 pandemic began. For fiscal year 2023, operations have returned to normal without any COVID-19 restrictions. LVPAC continues to implement COVID-19 safety measures; such as increase cleanings and sanitation of public areas, offering hand sanitizing stations and masks to patrons.

2. CHANGE IN NET ASSETS

During the year ended June 30, 2023, the Center experienced a negative change in net assets without donor restrictions of \$1,533,786 as reported in the accompanying statement of activities. A significant amount of the negative change in net assets without donor restrictions can be attributed to interest, depreciation and amortization.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

2. CHANGE IN NET ASSETS (continued)

The following schedule reflects an intermediate measure of the change in net assets excluding interest expense, interest income, depreciation and amortization:

	Without Donor Restrictions	With Donor Restrictions	Total
Change in net assets	\$ (1,533,786)	\$ 536,539	\$ (997,247)
Add interest expense	64,470	-	64,470
Less interest income	(7,578)	-	(7,578)
Add depreciation	101,554	-	101,554
Add amortization	786,842	-	786,842
	\$ (588,498)	\$ 536,539	\$ (51,959)

3. PROGRAM SERVICES

The 500-Seat Theater is home to many of the area's finest performing arts organizations. These include Del Valle Fine Arts, the Livermore Valley Opera, the Livermore-Amador Symphony, Valley Dance Theater, Tri-Valley Repertory Theater, Livermore School of Dance, Rae Dorough Speakers Series, and the Pacific Chamber Orchestra. The Bothwell Arts Center functions as an incubator space and provides studios, classrooms, performance, and rehearsal space for many of the community's arts organizations and artists.

The Center provides the 500-Seat Theater on a rental basis to both resident and visiting performance companies and functions as a presenter in its own right, bringing to Livermore artists of national and international stature. Finally, the Center provides master classes, student matinee performances, and artists' classroom workshops for school children across the Tri-Valley.

A cornerstone of Livermore's downtown revitalization, the Livermore Valley Performing Arts Center and the Bankhead Theater plays a vibrant role in the cultural and economic life of the City of Livermore and the surrounding Tri-Valley region.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

3. PROGRAM SERVICES (continued)

Since reopening in the spring of 2021, LVPAC has largely been able to return to normal business operations after experiencing a 15-month closure due to the COVID-19 pandemic and local mandates. LVPAC opened its sixteenth season with a very successful gala featuring Ben Folds performing with the Livermore Amador Symphony. During the year ended June 30, 2023, over 225 public events were held at the Bankhead Theater. More than 69,000 attendees enjoyed performances by such attractions as the Livermore Valley Opera, Tri-Valley Repertory Theatre, the Livermore-Amador Symphony, Valley Dance Theater, Rita Rudner, Jake Shimabukuro, Jose Feliciano, Ballet Folklorico de Mexico, Carl Bernstein, Marc Maron, Billy Bob Thornton & the Boxmasters, Marlee Matlin, Syncopated Ladies, and Micky Dolenz. LVPAC offered the community free cultural art programs such as Hispanic Heritage Celebration, Taste of Africa, Filipino Barrio Fiesta, Diwali Lunar New Year, and Juneteenth on the plaza in front of the Bankhead Theater. The Uncle Credit Union Art Gallery at the Bankhead Theater presented five exhibits, including a visiting exhibition called Violins of Hope, in partnership with the East Bay Holocaust Education Center. This exhibit showcased restored violins that were played by Jewish musicians during the Holocaust. These instruments have survived concentration camps, ghettos, pogroms and many long journeys to tell remarkable stories of injustice, suffering, resilience and survival.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to nonprofit organizations. Accordingly, net assets and support and revenue are classified based on the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* - net assets not subject to donor-imposed stipulations. The Board of Directors (the "Board") has discretionary control in carrying out the operations of the Center. Under this category, the Center maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes. As of June 30, 2023, the Center did not have any Board designated net assets.
- *Net assets with donor restrictions* - net assets subject to donor-imposed stipulations that may or will be met by the actions of the Center and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management 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 support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Restricted cash

Restricted cash as of June 30, 2023 amounted to \$74,921 and represents a Capital Expenditure Reserve balance required by the City of Livermore to pay for the maintenance, repair and replacement of building systems. The Center is required to deposit one percent of its total support and revenue, adjusted annually by the rate of the consumer price index, into the reserve account until the account balance of \$450,000 is reached.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash (continued)

The following table sets forth a summary of changes in the restricted cash balance for the years ended June 30, 2023 and 2022, respectively:

	2023	2022
Balance, beginning of year	\$ 46,667	\$ 48,762
Additions	37,838	46,667
Expenditures for the maintenance, repair and replacement of building systems	(9,584)	(48,762)
Balance, end of year	\$ 74,921	\$ 46,667

Investments

Investments in mutual funds and equities are valued at their fair values as determined primarily by quoted market prices. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses, interest, and dividend income are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. The Center has characterized the fair value of its assets, based on the priority of the inputs used to value the assets, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the asset.

Assets recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

- *Level 1* - Values are based on unadjusted quoted prices for identical assets in an active market that the Center has the ability to assess.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 2* - Values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the investment.
- *Level 3* - Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

Contributions receivable

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as support in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Unconditional promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. For promises expected to be collected in more than one year, a present value discount is estimated based on the risk free rate (appropriate U.S. Treasury Bond Rate) at the time of the promise as adjusted for credit and other donor specific risks. The risk-adjusted discount rate on contributions receivable as of June 30, 2023 was determined to be 4.50%. The Center uses a specific identification method to estimate its allowance for doubtful contributions receivable. Management believes that all of its accounts are collectible, accordingly, no allowance for doubtful contributions receivable was recorded as of June 30, 2023.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Center had no conditional promises to give as of June 30, 2023.

Accounts receivable

Accounts receivable represent amounts due and are stated at the amount the Center expects to collect. A provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Center determines that payments will not be received. Any subsequent receipts are credited to the allowance. Management believes that all of its accounts are collectible, accordingly, no allowance for doubtful accounts receivable was recorded as of June 30, 2023.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$2,500 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed. Depreciation and amortization is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 30 years. Depreciation and amortization is charged to the activity benefiting from the use of the property or equipment.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2023, and is included in accrued expenses in the accompanying statement of financial position. The accrued vacation balance as of June 30, 2023 was \$102,402.

Revenue recognition

Box office sales are recognized in the period in which the related production occurs. Ticket purchases received in advance of performances are included in deferred revenue and recognized as admissions revenue at the time the applicable performance is given.

The Center recognizes revenue during the year in which the related services are provided to patrons. The performance obligation of delivering performance is simultaneously received and consumed; therefore, revenue is recognized over time through the performance season.

Contributions

Unrestricted contributions are recorded as support when received, or if pledged, when the donor makes an unconditional promise. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt.

Restrictions on gifts of property or equipment or gifts restricted to the purchase of property or equipment are satisfied when the assets are placed in service.

Contributions in-kind

Donated equipment and other donated goods are recorded as contributions at their estimated fair value as of the date of the donation. Contributed services are recorded as contributions at their estimated fair value only in those instances where the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Advertising costs

The Center expenses advertising costs as incurred. Advertising costs for the year ended June 30, 2023 totaled \$210,490.

Allocation of functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of functional expenses (continued)

Direct identification of specific expenses is the Center's preferred method of charging expenses to various functions. The Center has a number of expenses which relate to more than one program or support activity, or to a combination of programs and support activities. Expenses are allocated by management among programs and support services based on salary expense, square footage or asset usage.

Income tax status

Livermore Valley Performing Arts Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Reclassifications

Certain 2022 balances have been reclassified in order to conform to the 2023 presentation.

Uncertainty in income taxes

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Center in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Center files information returns in the U.S. federal jurisdiction and State of California. The Center's federal returns for the tax years ended June 30, 2020 and beyond remain subject to possible examination by the Internal Revenue Service. The Center's California returns for the tax years ended June 30, 2019 and beyond remain subject to possible examination by the Franchise Tax Board.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*, Accounting Standards Codification ("ASC") Topic 842 ("ASC 842"). ASC 842 is the comprehensive lease standard that supersedes the previous authoritative lease accounting guidance contained in ASC 840. ASC 842 requires a lessee to recognize assets and liabilities related to long-term leases that were classified in its accompanying statement of financial position as operating leases under previous guidance. A leased asset, referred to as a right-of-use asset, is to be recognized related to the right to use the underlying asset and a lease related liability is to be recognized related to the lease payment obligations over the term of the lease, and includes options to extend that management reasonably expects to exercise. ASC 842 also requires expanded disclosures surrounding leases.

The Center adopted ASC 842, with an initial application date of July 1, 2022, by applying the modified retrospective transition approach and using the additional and optional transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Center did not restate prior periods as presented under ASC 840 and, instead, evaluated whether a cumulative impact adjustment to net assets as of July 1, 2022, was necessary for the cumulative impact of adoption of ASC 842. Management determined no cumulative effect adjustment to net assets as of July 1, 2022, was necessary.

As part of the allowable transition method, the Center elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are, or contain, leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.
- Election to use the risk-free interest rate as the discount rate.
- Election whereby the lease and nonlease components will not be separated for leases of facilities and equipment.

The Center evaluates whether new contracts are a lease at the contract inception or for a modified contract at the modification date. In calculating the present value of the right-of-use assets and liabilities, the Center includes lease renewals and or termination options. If it is reasonably certain that a renewal or termination option will be exercised, the exercise of the option is considered in calculating the term of the lease.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Center has evaluated events subsequent to June 30, 2023 to assess the need for potential recognition or disclosure in the accompanying financial statements. Such events were evaluated through March 8, 2024, the date the accompanying financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the accompanying financial statements, other than as disclosed in Note 9, 15 and 17.

5. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Fair Value
Fixed income	\$ 463,088	\$ -	\$ -	\$ 463,088
Equity funds	479,083	-	-	479,083
	\$ 942,171	\$ -	\$ -	\$ 942,171

6. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following:

Receivable in one year or less	\$ 144,142
Receivable in one to five years	412,500
	556,642
Less discounts to net present value	(75,000)
	\$ 481,642

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Building	\$ 698,427
Furniture, fixtures and equipment	1,135,001
Land	740,000
Land improvements	34,431
	2,607,859
Accumulated depreciation	(585,846)
	\$ 2,022,013

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

7. PROPERTY AND EQUIPMENT, NET (continued)

Depreciation for the year ended June 30, 2023 totaled \$101,554.

8. CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2023 totaled \$22,701 and consisted of architectural design and related professional service fees for a new lighting system for the theater and the lobby remodel project.

9. LINE OF CREDIT

On September 3, 2018, the Center entered into a \$500,000 revolving line of credit with Fremont Bank. The line matured on September 3, 2021 and was renewed with Fremont Bank for a total credit limit of \$500,000 which was scheduled to mature on September 3, 2022. On August 25, 2022, the line was again renewed with Fremont Bank for a total credit limit of \$500,000 which was scheduled to mature on September 3, 2023. The line required required monthly payments of variable interest based on the prime rate as published in the Wall Street Journal plus 1%. The interest rate at June 30, 2023 was 4.75%. The revolving line of credit is secured by a general security interest in the assets of the Center. At June 30, 2023, \$150,000 was outstanding on the line of credit.

On August 18, 2023, the Center renewed its line of credit with Fremont Bank for a total credit limit of \$500,000, with a new maturity date of September 3, 2025. The new interest rate on the line of credit has increased to 8.5% per year and subject to using a margin interest rate of 1.0 percentage points above the margin, at a total rate of 9.5% per year.

10. FORGIVABLE LOANS - PAYCHECK PROTECTION PROGRAM

On April 17, 2020, the Center received loan proceeds of \$327,500 from a promissory note issued by Fremont Bank (1st Draw), under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and is administered by the U.S. Small Business Administration. The term on the loan was two years and the annual interest rate was 1%. Payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness is determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Center received full forgiveness of the loan balance effective June 25, 2021.

On April 19, 2021, the Center received loan proceeds of \$327,500 from a promissory note issued by Fremont Bank, under the 2nd Draw of funding under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and is administered by the U.S. Small Business Administration. The term on the 2nd Draw is consistent with the terms on the 1st Draw as described above. The Center received full forgiveness of the loan balance effective July 13, 2022. As of June 30, 2023, there was no outstanding loan balance.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

11. ECONOMIC INJURY DISASTER LOAN

On May 28, 2020, the Center executed the standard loan documents required for securing a Economic Injury Disaster Loan (the "EIDL") from the Small Business Administration under its assistance program in light of the impact of the COVID-19 pandemic on the Center's business.

The principal amount of the EIDL is up to \$150,000, with proceeds to be used for working capital purposes. As of June 30, 2021, the Center has requested and received the full \$150,000 disbursement under the EIDL. Interest accrues at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning May 28, 2021 (twelve months from the date of the advance) in the amount of \$641. Each payment will be applied first to interest accrued to the date of receipt of each payment, and then the balance, if any will be applied to principal. The balance of principal and interest is payable thirty years from the date of the advance.

The Center amended the EIDL on August 15, 2021. The amendment increased the EIDL's balance up to \$500,000. The increase in principal advanced increased the installment payments, including principal and interest payable, to \$2,196 per month, which commenced on May 28, 2022 (twenty-four months from the date of the original note). Each payment must first be applied to the interest accrued to the date of receipt of the cash payment, and then if any amount is remaining, it can be applied to the principal.

The future maturities of the loan payable are as follows:

<u>Year ending June 30,</u>		
2024	\$	10,098
2025		13,043
2026		13,406
2027		13,779
2028		14,130
Thereafter		<u>435,544</u>
	<u>\$</u>	<u>500,000</u>

12. FINANCE LEASES

In July 2022, the Center adopted the new lease accounting guidance under ASC 842. The most significant change requires lessees to record the present value of the operating lease payments as right-of-use assets and liabilities on the accompanying statement of financial position. The new guidance continues to require lessees to classify leases between operating and financing leases (formerly "capital leases").

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

12. FINANCE LEASES (continued)

The Center has two Konica copier leases and one Steinway piano lease that were previously recognized under the prior standard, ASC 840, as capital leases on the accompanying statement of financial position at June 30, 2022. Upon adoption of ASC 842, these leases have been recognized as right-of-use lease assets - financing on the accompanying statement of financial position at June 30, 2023. The leases carry separate terms and expire at various dates through January 2027. The adoption of ASC 842 resulted in the recognition of right-of-use assets and liabilities - financing totaling \$304,815.

During the year ended December 31, 2014, the Center transferred ownership of the Bankhead Theater to the City of Livermore. In accordance with the terms of the agreement, the Center is leasing the Bankhead Theater from the City for \$1 per year for an initial term of seven years with the option to extend for two additional successive terms of 10 and 13 years (total of 30 years), respectively. In November 2021, the Center entered into the first option to extend for an additional 10 years. In accordance with the terms of the lease agreement, the Center has the option to purchase back the Bankhead Theater in September 2044 for \$2,800,000.

The Center has accounted for the lease as a finance lease due to bargain purchase option element included in the agreement. Transfer of ownership included debt forgiveness of \$7,500,000, contribution restricted for bond redemption of \$2,800,000, other contributions restricted for bond redemption of \$1,789,600, payment from the City of Livermore in exchange for assignment of future Host Community Impact Account Fees ("HCIAF") fees of \$9,200,000, and payment by the Center with restricted funds of \$900,400 for a total of \$22,190,000. The present value discount of the purchase option is estimated based on the risk-free rate (appropriate U.S. Treasury Bond Rate) at the time the agreement was executed as adjusted for credit and other risks. The risk-adjusted discount rate as determined at the time the agreement was executed was 2.2%. The adoption of ASC 842 resulted in the recognition of right-of-use assets and liabilities - financing totaling \$22,606,919.

Right-of-use lease assets consist of the following:

Right-of-use lease assets - financing	\$ 22,606,919
Accumulated amortization (from inception of lease)	<u>(12,298,983)</u>
	<u><u>\$ 10,307,936</u></u>

Amortization expense was \$786,842 for the year ended June 30, 2023.

The finance lease liabilities are detailed as follows:

Finance lease liabilities, current portion	\$ 50,212
Finance lease liabilities, net of current portion	1,542,904
Accrued capitalized lease interest	<u>300,662</u>
	<u><u>\$ 1,893,778</u></u>

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

12. FINANCE LEASES (continued)

Finance lease costs for the year consisted of the following:

Amortization of right-of-use assets	\$ 786,842
Interest on lease liabilities - financing	<u>38,018</u>
	<u>\$ 824,860</u>

The weighted-average remaining lease terms and discount rates are as follows at June 30, 2023:

Weighted-average remaining lease term - finance lease	11.56 years
Weighted-average discount rate - finance lease	4.08%

Future maturities of the finance lease liabilities are as follows:

<u>Year ending June 30,</u>	
2024	\$ 50,212
2025	52,836
2026	27,568
2027	14,229
Thereafter	<u>1,748,933</u>
	<u>\$ 1,893,778</u>

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Gala	\$ 262,749
Capital improvements Bankhead	106,974
Resident Company Fund	75,000
Bankhead Art Gallery	59,853
Producers Circle	58,804
Grand piano fund	57,721
Rae Dorouch Speaker Series Fund	45,000
Livermore Valley Arts Presents	10,500
California Landscapes	<u>4,676</u>
	681,277
Subject to passage of time:	
For the periods beginning after June 30, 2023	576,986
Net assets held in perpetuity:	
Land	<u>740,000</u>
	<u>\$ 1,998,263</u>

Net assets with donor restrictions released from restriction during the year ended June 30, 2023 were as follows:

Gala	\$ 143,305
General operating support time restriction met	110,562
Education fund	69,147
Bankhead Art Gallery	40,147
Producers Circle	25,000
Community Cultural Celebrations	21,000
Student Tickets	18,810
Filipino Barrio Fiesta	10,680
LVPAC	5,000
Grand piano fund	4,585
Priem Dinner	3,500
Capital improvements Bankhead	2,879
California Landscapes	<u>325</u>
	<u>\$ 454,940</u>

Net assets held in perpetuity consisted of land acquired by the Center as a site for the sole purpose of the building of the 500-Seat (Community) Theater (see Note 18).

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

13. NET ASSETS WITH DONOR RESTRICTIONS (continued)

The land was acquired in 2005 when the Center entered into a purchase agreement (the "Agreement") with the City of Livermore (the "City") for the site upon which the Bankhead Theater is constructed. Under the terms of the Agreement, the Center paid the City the sum of \$1 in exchange for the property, subject to certain limitations including specified restrictions relating to the future use and disposition of the property. In connection with the purchase, the Center recognized a contribution of \$740,000, which represented the excess of the estimated fair value of the property over the consideration paid at the date of purchase.

14. CONTRIBUTIONS IN-KIND

The estimated fair value of supplies, advertising and auction items received are recorded as contributions. The Center uses the in-kind contributions advertising for both digital and printed ads, where the Center pays for one ad and then subsequently they receive the same ad in another catalog or presentation of the ad for free. The advertising in-kind contributions are valued at fair market value, the same price the Center paid for the original advertisement. The supply donations are items that which the Center would normally pay for, but they were received for free, during the current year this includes plants for the courtyard, photography, and videography. Supplies are valued at the fair market value, these items would cost for the Center to purchase themselves. The Center also received in-kind donations for their annual Gala event to be auctioned off, which include decorative items and gift cards. The fair market values of the decorative items are determined by the donor and then checked against other selling platforms, the gift cards are fair valued at the amount of the gift card being auctioned at.

During the year ended June 30, 2023, in-kind contributions consisted of the following:

Contributions in-kind for operations	
Advertising	\$ 78,994
Supplies	<u>24,964</u>
	<u>103,958</u>
Contributions in-kind for special events	
Special event auction items to be sold	<u>81,385</u>
	<u>\$ 185,343</u>

15. EMPLOYEE RETENTION CREDITS

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to \$10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020 and before January 1, 2022.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

15. EMPLOYEE RETENTION CREDITS (continued)

The Center determined it was eligible to apply for the ERC and calculated a total ERC of \$238,489 for the wages paid during the period April 2020 through December 31, 2021. As the Center has “substantially met” the program’s eligibility conditions, the Center has recognized income for the ERC applied for during the year ended June 30, 2023. Subsequent to year end, the Center received ERC payments for the full amount of the credit claimed.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Center met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Center’s financial statements.

16. CONFLICT OF INTEREST POLICY

Included among the Center's Board and Officers are volunteers from the community who provide valuable assistance to the Center in the development of policies and programs and in the evaluation of business transactions. The Center has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

17. CONTINGENCIES

Bankhead Theater property tax assessment

During the year ended June 30, 2022, the Center received notice from the County of Alameda for an assessment of possessory interest property taxes for the Bankhead Theater owed from 2018 to 2022 totaling approximately \$700,000. To protect its rights to protest these property tax assessments, the Center filed timely Assessment Appeal Applications with the Alameda County Assessment Appeals Board for each tax year for which tax was assessed. Prior to 2014, the Center owned the building outright and had qualified for a Welfare Tax Exemption. In November 2014, ownership of the building was turned over to the City of Livermore with a finance lease agreement (see Note 12), and the Center was no longer under the exemption as the primary owner. The Center applied for a Welfare Tax Exemption to exempt themselves from the property taxes potentially owed. On March 1, 2023 the Center received a determination from the County of Alameda assessor that the Welfare Tax Exemption claim had been processed and the requirements for the exemption had been met. A field inspection occurred in August 2023 at which time the Assessment Appeals process was completed, and final determination that the Center qualified for the Welfare Tax Exemption was solidified.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

17. CONTINGENCIES (continued)

Litigation

The Center may become involved from time to time in legal proceedings in the ordinary course of its business. In the opinion of management, the Center does not expect any threatened legal proceedings to have a material adverse effect on the Center's business, financial position or results of operations.

Grants and contributions

Grants and contributions awarded to the Center are subject to the funding agencies' criteria, grant terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Center could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Center would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

18. RELATED PARTY TRANSACTIONS

The Center recognized contributions, including promises to give, from members of its Board and related entities totaling \$349,271 and \$64,572, respectively, for the year ended June 30, 2023. As of June 30, 2023, \$406,160 of outstanding contributions receivable consisted of contributions from members of the Board and related entities.

Relationship with the City of Livermore

LVPAC and the City have entered into four agreements providing for grant funds and the acquisition and development of the 500-Seat Theater.

In November 2002, and amended during January 2003, the Center and the City approved a grant agreement (the "Grant Agreement") to authorize the transfer of funds received by the City to the Center for purposes of payment of the planning and development costs of the 500-Seat Theater. The funds available pursuant to the Grant Agreement consist of the City's Major Attraction Fees and HClAF received as part of the City and County of Alameda's (the "County") Altamont Settlement Agreement.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

18. RELATED PARTY TRANSACTIONS (continued)

Relationship with the City of Livermore (continued)

In May 2004, LVPAC, the City of Livermore Redevelopment Agency (the "Agency") and the City entered into a Disposition and Development Agreement (the "DDA") providing for site acquisition by the City and Agency and subsequent lease to LVPAC of the Theater site. LVPAC, the Agency and the City entered into a second DDA in July of 2005. The second DDA provided for the sale of the 500-Seat Theater site to LVPAC for consideration of \$1 (see Note 12) and includes requirements for the 500-Seat Theater's development. The second DDA supersedes the first DDA on all matters relating to the 500-Seat Theater.

LVPAC previously received HClAF's as part of the City and County's Altamont Settlement Agreement. While the actual amount of the funds to be ultimately received cannot be determined at this time, the value of the fees was projected by the City in 2004, and subsequently updated in 2008, through a study developed by an outside consultant which estimated that the revenue stream is projected to generate undiscounted amounts in excess of \$25,000,000 between 2000 and 2041. During the year ended December 31, 2014, LVPAC assigned all future HClAF fees to the City in exchange for a payment of \$9,200,000 towards LVPAC's bond debt.

In 2011, the State of California adopted legislation that dissolved the State's redevelopment agencies. In 2014, management concluded that LVPAC would not proceed with plans for a Regional Theater.

19. LIQUIDITY AND FUNDS AVAILABLE

The Center's approach to liquidity management is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual budgets are structured to utilize a combination of program revenues, contributions without donor-imposed restrictions and contributions with donor-imposed restrictions to cover the expenditures of the Center on an ongoing basis. To meet liquidity needs, the Center has cash and cash equivalents, investments, contributions receivable, accounts receivable, employee retention credit receivable and a line of credit available.

Livermore Valley Performing Arts Center
Notes to Financial Statements
June 30, 2023

19. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available or expected to become available within one year of June 30, 2023 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 525,731
Investments	942,171
Contributions receivable, net	481,642
Accounts receivable	28,361
Employee retention credit receivable	<u>238,489</u>
	<u>2,216,394</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Net assets restricted for the passage of time (\$576,986 less \$144,142 that is scheduled to be collected during the year ending June 30, 2024)	(432,844)
Net assets restricted for a specified purpose	<u>(681,277)</u>
	<u>(1,114,121)</u>
	<u>\$ 1,102,273</u>

* In the event of an unanticipated liquidity need, the Center may draw upon its line of credit to meet operating needs. The line of credit has an available balance of \$350,000 at June 30, 2023 (see Note 9).