

**Livermore Valley Performing Arts Center**

Financial Statements

June 30, 2025

(With Comparative Totals for 2024)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Livermore Valley Performing Arts Center

### **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, 2025, 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, 2025, 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.

### **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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Armanino LLP*

San Ramon, California

December 19, 2025

Livermore Valley Performing Arts Center  
Statement of Financial Position  
June 30, 2025  
(With Comparative Totals for 2024)

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 256,046	\$ 286,959
Restricted cash	134,282	109,403
Investments	1,194,234	1,152,764
Contributions receivable, net	449,224	585,999
Accounts receivable	2,504	24,322
Prepaid expenses and deposits	90,357	154,496
Property and equipment, net	1,882,969	1,941,509
Construction in progress	11,986	22,701
Right-of-use lease assets - financing	8,734,250	9,521,092
Total assets	\$ 12,755,852	\$ 13,799,245
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 196,292	\$ 215,777
Accrued expenses	251,790	228,506
Deferred revenue	569,614	518,113
Line of credit	405,000	195,000
Right-of-use lease liabilities - financing	1,869,318	1,882,428
Economic Injury Disaster Loan	487,874	500,000
Total liabilities	3,779,888	3,539,824
<b>Net assets</b>		
Without donor restrictions	7,253,604	8,309,050
With donor restrictions	1,722,360	1,950,371
Total net assets	8,975,964	10,259,421
Total liabilities and net assets	\$ 12,755,852	\$ 13,799,245

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, 2025  
(With Comparative Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Support and revenue				
Support				
Contributions	\$ 660,918	\$ 575,345	\$ 1,236,263	\$ 1,343,090
Special events	197,925	-	197,925	208,707
Special events direct expenses	(281,297)	-	(281,297)	(314,715)
Contributions in-kind	171,751	-	171,751	210,397
Government grants	3,193	-	3,193	31,271
Net assets released from restriction	<u>803,356</u>	<u>(803,356)</u>	<u>-</u>	<u>-</u>
Total support	<u>1,555,846</u>	<u>(228,011)</u>	<u>1,327,835</u>	<u>1,478,750</u>
Revenue				
Ticket revenue - LVPAC presents	1,121,358	-	1,121,358	1,145,322
Ticket services revenue	558,289	-	558,289	477,462
Theater rental revenue	356,618	-	356,618	312,412
Concessions revenue	197,760	-	197,760	172,224
Net investment income	166,981	-	166,981	111,192
Other revenue	29,253	-	29,253	34,107
Bothwell Arts Center revenue	<u>203,373</u>	<u>-</u>	<u>203,373</u>	<u>165,601</u>
Total revenue	<u>2,633,632</u>	<u>-</u>	<u>2,633,632</u>	<u>2,418,320</u>
Total support and revenue	<u>4,189,478</u>	<u>(228,011)</u>	<u>3,961,467</u>	<u>3,897,070</u>
Functional expenses				
Program services	<u>4,441,741</u>	<u>-</u>	<u>4,441,741</u>	<u>4,352,112</u>
Support services				
Management and general	476,913	-	476,913	469,691
Fundraising	<u>326,270</u>	<u>-</u>	<u>326,270</u>	<u>273,409</u>
Total support services	<u>803,183</u>	<u>-</u>	<u>803,183</u>	<u>743,100</u>
Total functional expenses	<u>5,244,924</u>	<u>-</u>	<u>5,244,924</u>	<u>5,095,212</u>
Change in net assets (Note 2)	(1,055,446)	(228,011)	(1,283,457)	(1,198,142)
Net assets, beginning of year	<u>8,309,050</u>	<u>1,950,371</u>	<u>10,259,421</u>	<u>11,457,563</u>
Net assets, end of year	<u>\$ 7,253,604</u>	<u>\$ 1,722,360</u>	<u>\$ 8,975,964</u>	<u>\$ 10,259,421</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, 2025  
(With Comparative Totals for 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Salaries and benefits					
Salaries and wages	\$ 1,102,991	\$ 294,179	\$ 186,339	\$ 1,583,509	\$ 1,443,397
Employee benefits	128,618	34,304	21,729	184,651	152,601
Payroll taxes	83,388	22,240	14,087	119,715	110,944
Total salaries and benefits	<u>1,314,997</u>	<u>350,723</u>	<u>222,155</u>	<u>1,887,875</u>	<u>1,706,942</u>
Artist fees	1,122,745	-	-	1,122,745	1,182,767
Amortization	755,368	15,737	15,737	786,842	786,842
Special events direct expenses	-	-	281,297	281,297	314,715
Advertising	213,723	-	-	213,723	222,557
Utilities	161,823	3,371	3,372	168,566	154,665
Facility and equipment expenses	149,880	-	-	149,880	193,361
Bank fees and payroll fees	117,899	4,488	4,809	127,196	122,092
Professional services	28,800	61,512	17,280	107,592	113,331
Information technology	83,664	5,578	22,310	111,552	110,578
Depreciation	101,028	2,105	2,105	105,238	100,228
Office expenses	98,028	133	133	98,294	87,907
Interest	81,814	1,704	1,705	85,223	74,417
Insurance	58,666	1,639	1,640	61,945	52,369
Printing and publications	35,883	11,319	7,194	54,396	49,829
Travel and meeting expenses	26,049	10,420	15,629	52,098	35,080
Telephone and telecommunications	23,126	2,040	2,040	27,206	24,862
Other expenses	22,271	314	314	22,899	6,825
Rent	18,942	395	394	19,731	19,518
Communications - public relations	10,033	-	-	10,033	26,309
Bad debt expense	-	-	8,405	8,405	530
Postage, shipping and delivery	5,588	349	1,048	6,985	10,228
Production supplies	5,921	-	-	5,921	5,367
Volunteer events	5,493	-	-	5,493	7,983
Recruitment	-	5,086	-	5,086	625
Total expenses	<u>4,441,741</u>	<u>476,913</u>	<u>607,567</u>	<u>5,526,221</u>	<u>5,409,927</u>
Special events direct expenses	<u>-</u>	<u>-</u>	<u>(281,297)</u>	<u>(281,297)</u>	<u>(314,715)</u>
Total functional expenses	<u>\$ 4,441,741</u>	<u>\$ 476,913</u>	<u>\$ 326,270</u>	<u>\$ 5,244,924</u>	<u>\$ 5,095,212</u>
Percentage of total	<u>84.7 %</u>	<u>9.1 %</u>	<u>6.2 %</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, 2025  
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (1,283,457)	\$ (1,198,142)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	105,238	100,228
Amortization of present value of purchase option	39,726	38,862
Right-of-use lease asset - financing amortization	786,842	786,842
Unrealized gain on investments	(119,614)	(69,240)
Changes in operating assets and liabilities		
Contributions receivable, net	136,775	(104,357)
Accounts receivable	21,818	4,039
Employee retention credit receivable	-	238,489
Prepaid expenses and deposits	64,139	(38,320)
Accounts payable	(19,485)	75,775
Accrued expenses	23,284	(15,956)
Deferred revenue	51,501	143,777
Net cash used in operating activities	(193,233)	(38,003)
Cash flows from investing activities		
Purchase of property and equipment	(46,699)	(19,722)
Proceeds from disposals of property and equipment	10,716	-
Purchase of investments	(239,856)	(398,830)
Proceeds from sales of investments	318,000	360,600
Net cash provided by (used in) investing activities	42,161	(57,952)
Cash flows from financing activities		
Principal payments on right-of-use lease liabilities - financing	(52,836)	(50,212)
Principal payments on Economic Injury Disaster Loan	(12,126)	-
Repayments on line of credit	(50,000)	(55,000)
Proceeds from line of credit	260,000	100,000
Net cash provided by (used in) financing activities	145,038	(5,212)
Net decrease in cash, cash equivalents and restricted cash	(6,034)	(101,167)
Cash, cash equivalents and restricted cash, beginning of year	396,362	497,529
Cash, cash equivalents and restricted cash, end of year	\$ 390,328	\$ 396,362
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 256,046	\$ 286,959
Restricted cash	134,282	109,403
	\$ 390,328	\$ 396,362
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 86,937	\$ 86,389

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

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

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.

2. CHANGE IN NET ASSETS

During the year ended June 30, 2025, the Center experienced a negative change in net assets without donor restrictions of \$1,055,446 as reported in the accompanying statement of activities. A significant portion of the negative change in net assets without donor restrictions can be attributed to interest, depreciation and amortization.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Change in net assets	\$ (1,055,446)	\$ (228,011)	\$ (1,283,457)
Add interest expense	85,223	-	85,223
Less interest and dividend income	(47,367)	-	(47,367)
Add depreciation	105,238	-	105,238
Add amortization	<u>786,842</u>	<u>-</u>	<u>786,842</u>
	<u>\$ (125,510)</u>	<u>\$ (228,011)</u>	<u>\$ (353,521)</u>

3. PROGRAM SERVICES

The 500-Seat Bankhead Theater serves as home to many of the region's leading performing arts organizations, including Del Valle Fine Arts, Livermore Valley Opera, Livermore-Amador Symphony, Valley Dance Theater, Tri-Valley Repertory Theater, Christian Youth Theater, and the Pacific Chamber Orchestra. The Bothwell Arts Center functions as an incubator, offering studios, classrooms, performance, and rehearsal space for local artists and arts groups.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

3. PROGRAM SERVICES (continued)

The Center provides the 500-Seat venue on a rental basis to resident and visiting companies and also programs its own seasons, presenting artists of national and international stature. Education and access remain core priorities, with mater classes, student matinees, and in-class workshops delivered to school children across the Tri-Valley.

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

LVPAC celebrated the opening of its eighteenth season with a sold-out gala, Brilliance at the Bankhead, headlined by Katharine McPhee performing alongside the Livermore-Amador Symphony. The event, held September 7, 2024, combined a mainstage concert with pre-show festivities on the plaza and live and silent auctions to support LVPAC's annual programming.

Throughout the fiscal year ended June 30, 2025, the Bankhead Theater hosted more than 250 public events and welcomed over 65,000 attendees. Programming blended resident company work and touring attractions across music, theater, dance, comedy, and speaker series. Highlights included performances by Livermore Valley Opera, Tri-Valley Theater Company, Livermore Amador Symphony, and Valley Dance Theater; plus engagements by Motown Forever, Gary Gulman, 10,000 Maniacs, The King's Return, Ballet Folklórico Mexicano de Carlos Moreno, The Music Man, God Is a Scottish Drag Queen, John Cleese, Syncopated Ladies, Yamato: Drummers of Japan, Elizabeth Smart, Fraggles Live, Leela Dance Collective, International Guitar Night, Robert Cray 50th Anniversary Tour, Red Hot Chili Pipers, Tres Souls, The Texas Tenors, James Nestor, Josh Blue, and the Oakland Interfaith Gospel Choir.

Community engagement remained central to LVPAC's mission, with free multicultural events activating the Bankhead Plaza and downtown corridor: Indigenous Peoples Day, Taste of Africa, Filipino Barrio Fiesta, Livermore Pride Fest, Diwali, Lunar New Year, AANHPI Celebration, and Juneteenth. In parallel, the UNCLE Credit Union Art Gallery delivered five curated exhibitions during the year, including Rails Connect, Back to the Moon and the Stars Beyond, Adorned: A Celebration of Wearable Art, Identity, and Saddle, Brush, and Art. Gallery initiatives continued to expand access by aligning open hours with major theater activity and community festivals.

In October–November 2024, LVPAC produced its first in-house immersive experience, Cosmic Odyssey: Immersive Encounters with the Universe, transforming the Bankhead stage into a 360-degree environment of high-resolution imagery from NASA missions, including James Webb Space Telescope assets. The 45-minute seated experience ran from October 14 through November 27, with narration by former NASA astronaut and astrophysicist Dr. Tamara "Tammy" Jernigan. Program design emphasized learning outcomes through a post-tour science conversation offered in the Founders Room on select dates. A companion gallery exhibition, Back to the Moon and the Stars Beyond, extended the experience in the UNCLE Credit Union Art Gallery, reinforcing STEAM education for families and school groups.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

3. PROGRAM SERVICES (continued)

Across its run, LVPAC presented more than 75 Cosmic Odyssey performances between October 14 and November 27, 2024, selling over 1,000 tickets to public showings and distributing more than 650 complimentary tickets to students and local schools. The production's strong audience response and operational learnings informed a feasibility review for future touring or licensing of the experience to peer venues around the nation.

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, 2025, 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.

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.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2025 amounted to \$134,282 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 into the reserve account until the account balance of \$450,000 is reached.

The following table sets forth a summary of changes in the restricted cash balance for the years ended June 30, 2025:

Balance, beginning of year	\$ 109,403
Additions	38,779
Expenditures for the maintenance, repair and replacement of building systems	<u>(13,900)</u>
Balance, end of year	<u><u>\$ 134,282</u></u>

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.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- *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, 2025 was determined to be 3.76%. 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, 2025.

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, 2025.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Leases

The Center applies ASC 842, *Leases*, to record its leases. The Center assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Leases that contain lease and non-lease components are accounted for as a single lease.

Right-of-use assets ("ROU") represent the Center's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments. Financing lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Center uses the implicit rate when it is readily determinable. Since most of the Center's leases do not provide an implicit rate, to determine the present value of lease payments, management has elected to use a risk-free rate using a period comparable with that of the lease term. Financing lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Center's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option.

The Center has no operating lease arrangements as of June 30, 2025.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2025, and is included in accrued expenses in the accompanying statement of financial position. The accrued vacation balance as of June 30, 2025 was \$112,885.

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.

Livermore Valley Performing Arts Center  
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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, 2025 totaled \$213,723.

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.

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.

Livermore Valley Performing Arts Center  
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2022 and beyond remain subject to possible examination by the Internal Revenue Service. The Center's California returns for the tax years ended June 30, 2021 and beyond remain subject to possible examination by the Franchise Tax Board.

Subsequent events

The Center has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the accompanying financial statements. Such events were evaluated through December 19, 2025, 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, except as disclosed in Note 9.

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, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equity funds	\$ 776,853	\$ -	\$ -	\$ 776,853
Fixed income	<u>417,381</u>	<u>-</u>	<u>-</u>	<u>417,381</u>
	<u>\$ 1,194,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,234</u>

Livermore Valley Performing Arts Center  
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5. INVESTMENTS (continued)

Net investment income consisted the following:

Interest and dividend income	\$ 47,367
Net realized and unrealized gains on investments	<u>119,614</u>
	<u><u>\$ 166,981</u></u>

6. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following:

Receivable in one year or less	\$ 189,250
Receivable in one to five years	<u>334,974</u>
	524,224
Less discounts to net present value	<u>(75,000)</u>
	<u><u>\$ 449,224</u></u>

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Building	\$ 716,064
Furniture, fixtures and equipment	1,183,784
Land	740,000
Land improvements	<u>34,431</u>
	2,674,279
Accumulated depreciation	<u>(791,310)</u>
	<u><u>\$ 1,882,969</u></u>

Depreciation for the year ended June 30, 2025 totaled \$105,238.

8. CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2025 totaled \$11,986 and consisted of architectural design and related professional service fees for the lobby remodel project.

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9. LINE OF CREDIT

On September 3, 2018, the Center entered into a \$500,000 revolving line of credit with Fremont Bank. At June 30, 2025, the line of credit had an amended maturity date of September 3, 2025. On August 18, 2025, the line was renewed again for the same amount, with a revised maturity date of December 3, 2025. The interest rate has remained at 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. On November 24, 2025, the maturity date was extended to December 3, 2027 and the margin interest rate increased to 1.25 percentage points. The revolving line of credit is secured by a general security interest in the assets of the Center. At June 30, 2025, \$405,000 was outstanding on the line of credit.

10. 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 was up to \$150,000, with proceeds to be used for working capital purposes. As of June 30, 2021, the Center had 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 November 28, 2022. 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>		
2026	\$	13,125
2027		13,490
2028		13,866
2029		14,252
2030		14,649
Thereafter		418,492
	\$	487,874

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

11. FINANCE LEASES

The Center has two Konica copier leases that have been recognized as right-of-use lease assets - financing on the accompanying statement of financial position at June 30, 2025. The leases carry separate terms and expire at various dates through January 2027.

During the year ended June 30, 2015, 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 the bargain purchase option 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 ("HClAF") 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%.

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

Right-of-use lease assets - financing	\$ 22,431,681
Accumulated amortization (from inception of lease)	<u>(13,697,431)</u>
	<u><u>\$ 8,734,250</u></u>

Amortization expense was \$786,842 for the year ended June 30, 2025.

The finance lease liabilities are detailed as follows:

Finance lease liabilities, current portion	\$ 27,781
Finance lease liabilities, net of current portion	1,462,287
Accrued capitalized lease interest	<u>379,250</u>
	<u><u>\$ 1,869,318</u></u>

Finance lease costs for the year consisted of the following:

Amortization of right-of-use assets	\$ 786,842
Interest on lease liabilities - financing	<u>39,726</u>
	<u><u>\$ 826,568</u></u>

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

11. FINANCE LEASES (continued)

The weighted-average remaining lease terms and discount rates are as follows at June 30, 2025:

Weighted-average remaining lease term - finance lease	19.00 years
Weighted-average discount rate - finance lease	2.32%

Future maturities of the finance lease liabilities are as follows:

<u>Year ending June 30,</u>	
2026	\$ 28,812
2027	14,406
Thereafter	<u>2,800,000</u>
	2,843,218
Less: imputed interest	<u>(973,900)</u>
	<u><u>\$ 1,869,318</u></u>

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Ron and Jo Ann Koopman Grand piano fund	\$ 181,730
Gala	169,441
Capital Improvements Bankhead	102,285
Producers Circle	88,804
Rae Dorouch Speaker Series Fund	62,372
CEO Fund	40,250
Livermore Valley Arts Presents	25,000
Resident Company Fund	24,075
Education Fund	<u>3,834</u>
	697,791
Subject to passage of time:	
For the periods beginning after June 30, 2025	284,569
Net assets held in perpetuity:	
Land	<u>740,000</u>
	<u><u>\$ 1,722,360</u></u>

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
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12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year ended June 30, 2025 were as follows:

Education fund	\$	258,085
General operating support time restriction met		193,677
Gala		164,639
Livermore Valley Arts Presents		59,500
Resident Company Fund		29,964
Producers Circle		25,000
Rae Dorouch Speaker Series Fund		25,000
Brick & Seats		22,300
Bankhead Art Gallery		17,924
Grand piano fund		5,562
Capital Improvements Bankhead		1,705
	\$	803,356

Net assets held in perpetuity consist of land acquired by the Center as a site for the sole purpose of the building of the 500-Seat (Community) Theater (see Note 16).

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.

13. 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 include items that the Center would normally pay for, but were received for free. Donations of supplies received during the year ended June 30, 2025 include, plants for the courtyard, along with photography and videography services. Supplies are valued based on the cost the Center would incur to purchase the items directly. 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.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

13. CONTRIBUTIONS IN-KIND (continued)

During the year ended June 30, 2025, in-kind contributions consisted of the following:

Contributions in-kind for operations	
Advertising	\$ 44,090
Supplies	<u>22,479</u>
	<u>66,569</u>
Contributions in-kind for special events	
Special event auction items to be sold	<u>105,182</u>
	<u>\$ 171,751</u>

14. 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.

15. CONTINGENCIES

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.

Livermore Valley Performing Arts Center  
Notes to Financial Statements  
June 30, 2025

16. RELATED PARTY TRANSACTIONS

The Center recognized contributions, including promises to give, from members of its Board totaling \$581,520 for the year ended June 30, 2025. As of June 30, 2025, \$282,250 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 HCIAF received as part of the City and County of Alameda's (the "County") Altamont Settlement Agreement.

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 11) 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 HCIAF'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 HCIAF 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.

Livermore Valley Performing Arts Center  
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17. 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.

The following is a quantitative disclosure which describes assets that are available or expected to become available within one year of June 30, 2025 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 256,046
Investments	1,194,234
Contributions receivable, net	449,224
Accounts receivable	<u>2,504</u>
	<u>1,902,008</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Net assets restricted for the passage of time (\$284,569 less \$189,250 that is scheduled to be collected during the year ending June 30, 2026)	(95,319)
Net assets restricted for a specified purpose	<u>(697,791)</u>
	<u>(793,110)</u>
	<u>\$ 1,108,898</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 \$95,000 at June 30, 2025 (see Note 9).