

**Audited Financial Statements**

**The Theatre at Boston Court dba**  
**BC BOSTON COURT**  
**XC PASADENA**

**December 31, 2020**

**Quigley & Miron**

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Audited Financial Statements**  
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**December 31, 2020**

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## Independent Auditor's Report

Board of Directors  
**The Theatre at Boston Court dba Boston Court Pasadena**  
Pasadena, California

We have audited the accompanying financial statements of The Theatre at Boston Court dba Boston Court Pasadena (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Theatre at Boston Court dba Boston Court Pasadena as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

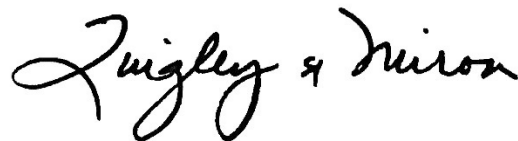
Board of Directors

**The Theatre at Boston Court dba Boston Court Pasadena**

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**Report on Summarized Comparative Information**

We have previously audited The Theatre at Boston Court dba Boston Court Pasadena's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California

November 15, 2021

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Statement of Financial Position**  
**December 31, 2020**  
**(with comparative totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 183,416	\$ 43,400	\$ 226,816	\$ 322,311
Grants receivable—Note 3		223,450	223,450	38,675
Other receivables	12,233		12,233	
Prepaid expenses	20,314		20,314	23,167
Theatre facility lease —Note 4		1,536,000	1,536,000	
Property and equipment, net —Note 5	72,286		72,286	79,086
<b>Total Assets</b>	<b><u>\$ 288,249</u></b>	<b><u>\$ 1,802,850</u></b>	<b><u>\$ 2,091,099</u></b>	<b><u>\$ 463,239</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 68,490	\$	\$ 68,490	\$ 47,491
Deferred revenue	13,837		13,837	16,988
<b>Total Liabilities</b>	<b>82,327</b>		<b>82,327</b>	<b>64,479</b>
<b>Net Assets</b>				
Without donor restrictions	205,922		205,922	242,560
With donor restrictions—Note 6		1,802,850	1,802,850	156,200
<b>Total Net Assets</b>	<b><u>205,922</u></b>	<b><u>1,802,850</u></b>	<b><u>2,008,772</u></b>	<b><u>398,760</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 288,249</u></b>	<b><u>\$ 1,802,850</u></b>	<b><u>\$ 2,091,099</u></b>	<b><u>\$ 463,239</u></b>

See notes to financial statements.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Statement of Activities**  
**Year Ended December 31, 2020**  
**(with comparative totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Public Support and Revenue</b>				
Contributions and grants	\$ 553,050	\$ 233,551	\$ 786,601	\$ 826,482
PPP grant—Note 8	77,000		77,000	
Theatre facility in-kind contribution —Note 4		1,920,000	1,920,000	384,000
Special events				
Gross revenue	44,134		44,134	63,375
Less cost of direct benefit to donors	(4,243)		(4,243)	(18,488)
<b>Special Events, Net</b>	<b>39,891</b>		<b>39,891</b>	<b>44,887</b>
Ticket and subscription revenue	48,306		48,306	171,722
Rental revenue	7,917		7,917	48,025
Concessions, workshop, and other revenues	2,772		2,772	18,669
<b>Total Public Support and Revenue</b>	<b>728,936</b>	<b>2,153,551</b>	<b>2,882,487</b>	<b>1,493,785</b>
Net assets released from restrictions	506,901	(506,901)		
<b>Total Public Support, Revenue, and Reclassifications</b>	<b>1,235,837</b>	<b>1,646,650</b>	<b>2,882,487</b>	<b>1,493,785</b>
<b>Expenses</b>				
Program services				
Theater programs	392,278		392,278	733,382
Music programs	38,273		38,273	152,204
Arts and other programs	393,251		393,251	105,643
<b>Total Expenses</b>	<b>823,802</b>		<b>823,802</b>	<b>991,229</b>
General and administrative	367,807		367,807	284,587
Fundraising	80,866		80,866	114,427
<b>Total Expenses</b>	<b>1,272,475</b>		<b>1,272,475</b>	<b>1,390,243</b>
<b>Change in Net Assets</b>	<b>(36,638)</b>	<b>1,646,650</b>	<b>1,610,012</b>	<b>103,542</b>
<b>Net Assets at Beginning of Year</b>	<b>242,560</b>	<b>156,200</b>	<b>398,760</b>	<b>295,218</b>
<b>Net Assets at End of Year</b>	<b>\$ 205,922</b>	<b>\$ 1,802,850</b>	<b>\$ 2,008,772</b>	<b>\$ 398,760</b>

See notes to financial statements.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**  
**(with comparative totals for 2019)**

	Program Services				General and Administrative	Fundraising	Fundraising Events	2020 Total	2019 Total
	Theater Programs	Music Programs	Arts and Other Programs	Total Program Services					
Salaries	\$ 226,326	\$ 93	\$ 854	\$ 227,273	\$ 197,248	\$ 68,924	\$	\$ 493,445	\$ 357,289
Employee benefits	7,192	3	28	7,223	6,268	2,190		15,681	17,047
Payroll taxes	20,074	8	75	20,157	17,495	6,113		43,765	33,354
<b>Total Payroll Expenses</b>	<b>253,592</b>	<b>104</b>	<b>957</b>	<b>254,653</b>	<b>221,011</b>	<b>77,227</b>		<b>552,891</b>	<b>407,690</b>
Occupancy	87	110	384,000	384,197	70,590			454,787	466,088
Production costs and fees	96,061	34,381	3,444	133,886	3,278			137,164	231,958
Professional fees	2,784	468	759	4,011	31,090	259		35,360	160,111
Publicity and marketing	8,056	1,047	250	9,353	14,088	1,330		24,771	45,020
Office expenses					20,380			20,380	14,097
Insurance	14,661	815	815	16,291	3,055	1,018		20,364	13,766
Depreciation	7,506	417	417	8,340	1,564	521		10,425	12,285
Bank charges	8,739	486	485	9,710		511		10,221	21,643
Cost of direct benefits to donors							4,243	4,243	18,488
Dues and memberships	792			792	2,751			3,543	6,815
Postage and shipping			2,124	2,124				2,124	10,317
Miscellaneous fees and taxes		445		445				445	453
<b>Total Expenses by Function</b>	<b>392,278</b>	<b>38,273</b>	<b>393,251</b>	<b>823,802</b>	<b>367,807</b>	<b>80,866</b>	<b>4,243</b>	<b>1,276,718</b>	<b>1,408,731</b>
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors							(4,243)	(4,243)	(18,488)
<b>Total Expenses</b>	<b>\$ 392,278</b>	<b>\$ 38,273</b>	<b>\$ 393,251</b>	<b>\$ 823,802</b>	<b>\$ 367,807</b>	<b>\$ 80,866</b>	<b>\$</b>	<b>\$ 1,272,475</b>	<b>\$ 1,390,243</b>

See notes to financial statements.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**  
**(with comparative totals for 2018)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,610,012	\$ 103,542
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
In-kind rent contribution	(1,920,000)	
Amortization of deferred rent asset	384,000	
Depreciation	10,425	12,285
Changes in operating assets and liabilities:		
Grants receivable	(184,775)	59,425
Other receivables	(12,233)	11,379
Prepaid expenses	2,853	(1,638)
Accounts payable and accrued expenses	20,999	4,715
Deferred revenue	(3,151)	(16,891)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(91,870)</b>	<b>172,817</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(3,625)	(82,557)
<b>Net Cash Used in Investing Activities</b>	<b>(3,625)</b>	<b>(82,557)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(95,495)</b>	<b>90,260</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>322,311</b>	<b>232,051</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 226,816</b>	<b>\$ 322,311</b>
<b>Supplemental Disclosures</b>		
Income taxes paid	\$	\$
Interest paid	\$	\$

See notes to financial statements.



**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements**  
**December 31, 2020**  
**(with comparative totals for 2019)**

**Note 1—Organization and Summary of Significant Accounting Policies**

Organization—The Theatre at Boston Court dba Boston Court Pasadena (the Organization) is a nonprofit corporation, organized for the purpose of creating and presenting high-quality music and theater works that are innovative, diverse, vital and adventurous in an intimate setting. Each year, the Organization produces more than 120 events in music and theatre, including an Emerging Artists Series, and a New Play Reading Festival. The Organization also showcases rotating visual art exhibits that complement the themes of their music and theatre programming, and offers more than two dozen free engagement events, designed to contribute to the cultural conversation around current events.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of trustees.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations—The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of the Organization’s theater, music, and art program events, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2020 and 2019. Generally, the Organization’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash Equivalents—The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Grants Receivable—Grants receivable are recorded at fair market value at the date of the financial statement. The Organization considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

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

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and grants receivable. The Organization places its cash with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2020 and 2019, the Organization had no cash balances in a financial institution in excess of the FDIC insurance limit. Grants receivable at December 31, 2020 and 2019 are due from a variety of individuals, foundations, corporations and governmental bodies well-known to the Organization with favorable past payment histories. Management of the Organization has assessed the credit risk associated with these receivables and has determined that an allowance for potential uncollectible amounts is not necessary. Contribution and grant revenue from one donor amounted to 42% and 38% of the total income for the years ended December 31, 2020 and 2019, respectively.

Contribution and Revenue Recognition—The Organization's contribution and revenue recognition policies are as follows:

Contributions and grants—Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution and grant is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Special events revenue—The Organization periodically holds special events as fundraisers. Funds raised are recognized as increases in net assets without donor restrictions.

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

Rental revenue—Rental income is recognized in the period in which the property rented is occupied.

Concessions, workshop, and other revenues—Concessions, workshop, and other revenues consist of concession sales, fees, and other activities performed by the Organization and are recognized at the time the transactions occur.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Theatre facility in-kind contribution—The Organization has use of a theatre facility under an in-kind lease agreement (see Note 4). The in-kind lease is recorded at fair value on the statement of activities based on current market rates. The in-kind contribution for the year ended December 31, 2020 is valued at \$1,920,000 based on a five-year lease commitment. The in-kind contribution for the year ended December 31, 2019 is valued at \$384,000 based on a one-year lease commitment.

Advertising Expenses—Advertising is recorded as an expense when incurred.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. The methods of expense allocation are as follows:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Production costs and fees	Use by department
Professional fees	Time and effort
Occupancy	Use by department
Publicity and marketing	Use by department
Office expenses	Use by department
Bank charges	Applicable revenue
Insurance	Use by department
Postage and shipping	Use by department
Depreciation	Use by department
Dues and memberships	Use by department
Miscellaneous fees and taxes	Use by department

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

Comparative Financial Information—The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functional expense. Such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2019.

Reclassifications—Certain amounts in 2019 have been reclassified to conform with the 2020 financial statement presentation.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Recently Adopted Accounting Principles

Contributions—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by the Organization for the year ended December 31, 2019, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements. The Organization has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Organization has adopted ASU No. 2014-09 for the year ended December 31, 2019, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements.

**Note 2—Availability and Liquidity**

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$135,000).

The following represents the availability and liquidity of the Organization's financial assets at December 31, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	183,416
Other receivable		12,233
		<hr/>
<b>Current Availability of Financial Assets</b>	<b>\$</b>	<b>195,649</b>

**Note 3—Grants Receivable**

Grants receivable totaled \$223,450 and \$38,675 respectively, for the years ended December 31, 2020 and 2019, and are due within one year or less.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 4—Theatre Facility Lease**

Prior to January 1, 2020, the Organization received in-kind rent for a 11,328 square foot theatre complex on an annual basis from the Organization’s founder (a current board member). The Organization estimated the fair value at \$2.82 per square foot. During the year ended December 31, 2019, the Organization recorded a \$384,000 theatre facility in-kind contribution. On January 1, 2020, the Organization entered into a five year in-kind operating lease ending December 31, 2024. The estimated value of the 5-year in-kind lease contribution is \$1,920,000 and is recorded under theatre facility in-kind contribution in the statement of activities for the year ended December 31, 2020. During the years ended December 31, 2020 and 2019, the Organization recorded occupancy expense in the amount of \$384,000 related to these leases.

Future minimum annual rental commitments for this lease are as follows:

<u>Year Ending December 30,</u>	
2021	\$ 384,000
2022	384,000
2023	384,000
2024	384,000
	<u>\$ 1,536,000</u>

The Organization pays for operating and maintenance costs and 25% of property and liability insurance. In 2020 and 2019, the cost of operating and maintenance and property and liability insurance was \$68,767 and \$85,404, respectively. There is no stated minimum for these costs, but management expects the costs to remain consistent.

**Note 5—Property and Equipment, Net**

Net property and equipment at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Computer and theater equipment	\$ 127,000	\$ 123,375
Less accumulated depreciation	(54,714)	(44,289)
<b>Net</b>	<u><u>\$ 72,286</u></u>	<u><u>\$ 79,086</u></u>

Total depreciation expense recorded for the years ended December 31, 2020 and 2019 was \$10,425 and \$12,285, respectively.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 6—Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2020 and 2019 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to restrictions for specified purpose:		
Sponsored projects	\$ 38,400	\$ 38,400
Productions	5,000	50,000
Artist payroll		30,000
	<hr/>	<hr/>
<b>Total Subject to Restrictions for Specified Purpose</b>	<b>43,400</b>	<b>118,400</b>
Subject to time restrictions:		
Time restricted for in-kind facility	1,536,000	
Time restricted for operations	192,850	
Time restricted for music programs	18,000	20,100
Time restricted for artist payroll	12,600	17,700
	<hr/>	<hr/>
<b>Total Subject to Time Restrictions</b>	<b>1,759,450</b>	<b>37,800</b>
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 1,802,850</u></b>	<b><u>\$ 156,200</u></b>

Net assets released from donor restrictions for the year ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
In-kind rent	\$ 384,000	\$
Artist payroll	60,000	17,700
Productions	50,000	
Music programs	12,601	42,700
	<hr/>	<hr/>
<b>Total Satisfaction of Purpose Restrictions</b>	<b>506,601</b>	<b>60,400</b>
Satisfaction of time restrictions		80,000
	<hr/>	<hr/>
<b>Total Net Assets Released From Donor Restrictions</b>	<b><u>\$ 506,601</u></b>	<b><u>\$ 140,400</u></b>

**Note 7—Recent Accounting Pronouncements**

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

**The Theatre at Boston Court dba Boston Court Pasadena**  
**Notes to Financial Statements—Continued**

**Note 7—Recent Accounting Pronouncements**

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

**Note 8—PPP Grant**

On May 7, 2020, the Organization received a Paycheck Protection Program (PPP) advance for \$77,000 from the U.S. Small Business Administration (SBA). The advance is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic (see Note 9) to keep their workers on the payroll. It is the opinion of management that all funds received will be forgiven under the present terms of the PPP. As of December 31, 2020, the Organization recognized a total of \$77,000 in grant revenue during the year ended December 31, 2020 based on qualifying expenditures incurred, with no outstanding balance at year-end. PPP grant revenue is reported in the statement of activities under PPP grant. Official forgiveness was received on April 11, 2021, subsequent to year-end.

On March 19, 2021, subsequent to year end, the Organization and additional PPP grant for \$104,195. It is the opinion management that these funds will also be forgiven under the present terms of the PPP.

**Note 9—Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Organization is continuing to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Organization cannot be fully determined, therefore no related adjustment has been made to these financial statements.

**Note 10—Subsequent Events**

Management evaluated all activities of the Organization through November 15, 2021, which is the date the financial statements were available to be issued, and concluded that, other than the forgiveness of the first round and the receipt of the second round of PPP grant (See Note 8), no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.