

North Coast Repertory Theatre,
A Non-Profit Corporation

Financial Statements
and
Independent Auditors' Report

For the Year Ended August 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Coast Repertory Theatre

Opinion

I have audited the accompanying financial statements of North Coast Repertory Theatre, which comprise the balance sheet as of August 31, 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Coast Repertory Theatre, as of August 31, 2022, 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

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of North Coast Repertory Theatre, and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 North Coast Repertory Theatre'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

My 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 my 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 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, I:
- 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 North Coast Repertory Theatre'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Coast Repertory Theatre's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

A M Owens, CPA

A M Owens, CPA
A Professional Corporation

Lakeside, CA
January 5, 2023

North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Financial Position
August 31, 2022
With Comparative Totals as of August 31, 2021

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	\$		\$
- without donor restrictions		2,247,181	1,642,783
- with donor restrictions		130,128	97,713
Investments			
- without donor restrictions		211,686	303,305
- with donor restrictions		50,915	60,213
Contributions Receivable			
- without donor restrictions		8,294	310,503
Prepaid expenses		125,460	78,533
Prepaid production costs		144,836	122,404
Deposits		7,909	7,909
		2,926,409	2,623,363
PROPERTY AND EQUIPMENT			
Less: Accumulated Depreciation (Note 2)		236,298	193,214
Total Assets	\$	3,162,707	\$ 2,816,577
CURRENT LIABILITIES			
		<u>LIABILITIES AND NET ASSETS</u>	
Accounts payable, trade	\$	117,083	\$ 213,679
Accrued wages and expense		4,124	4,034
Deferred revenue (Note 3)		868,286	1,208,407
Accrued vacation payable		49,337	58,031
		1,038,830	1,484,151
Total Liabilities		1,038,830	1,484,151
LONG-TERM DEBT		0	0
Net EQUITY (DEFICIT)			
Net assets with donor restrictions		182,484	157,926
Net assets without donor restrictions		1,941,393	1,174,500
Total Net (Equity)		2,123,877	1,332,426
Total Liabilities and Net Assets	\$	3,162,707	\$ 2,816,577

See the Accompanying Notes to the Financial Statements.

North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2022
With Comparative Totals as of August 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2022 Combined <u>Totals</u>	2021 Combined <u>Totals</u>
SUPPORT AND REVENUE				
Public Support:				
Admissions	\$ 1,620,509	\$ 0	\$ 1,620,509	\$ 268,563
Theatre school	205,398	0	205,398	127,610
Concessions and other support	41,976	0	41,976	12,693
Contributions (Note 11)	1,578,093	1,006,542	2,584,635	2,551,100
Investment income (loss) (Note 6)	527	(6,636)	(6,109)	14,010
Gain on sale of assets	0	0	0	600
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets Released From Restrictions	3,446,503 975,348	999,906 (975,348)	4,446,409 0	2,974,576 0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Support & Revenue	4,421,851	24,558	4,446,409	2,974,576
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Production costs	3,042,826	0	3,042,826	1,641,358
General and administrative	238,268	0	238,268	193,694
Fundraising	373,864	0	373,864	286,129
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,654,958	0	3,654,958	2,121,181
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	766,893	24,558	791,451	853,395
Net Assets (Deficit), Begin of Year	1,174,500	157,926	1,332,426	479,031
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets (Deficit), End of Year	\$ 1,941,393	\$ 182,484	\$ 2,123,877	\$ 1,332,426
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See the Accompanying Notes to the Financial Statements.

North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Cash Flows
For the Year Ended August 31, 2022
With Comparative Totals as of August 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 791,451	\$ 853,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,414	5,095
(Increase) Decrease in Operating Assets:		
Receivables	302,209	(303,380)
Prepaid expenses	(56,134)	15,044
Prepaid production costs	(6,918)	(16,981)
Deposits	0	(227)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(96,142)	180,608
Accrued wages	90	2,657
Deferred Revenue	(340,121)	354,697
Accrued vacation	(8,694)	5,808
	598,155	1,096,716
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(55,498)	(87,782)
Investments purchased/sold	94,156	20,469
	38,658	(67,313)
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	0	0
	0	0
NET CASH USED BY FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	636,813	1,029,403
BEGINNING CASH AND CASH EQUIVALENTS	1,740,496	711,093
ENDING CASH AND CASH EQUIVALENTS	\$ 2,377,309	\$ 1,740,496
Interest Paid	\$ 0	\$ 0
Taxes Paid	\$ 0	\$ 0

See the Accompanying Notes to the Financial Statements.

North Coast Repertory Theatre,
A Non-Profit Corporation
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Production Costs	General Admin.	Fund- Raising	2022 Total	2021 Total
Salaries	\$ 1,239,696	\$ 129,994	\$ 150,634	\$ 1,520,324	\$ 813,121
Payroll Taxes	122,449	12,839	14,879	150,167	12,116
Employee Benefits	196,622	20,618	23,891	241,131	146,651
Total Payroll Expenses	1,558,767	163,451	189,404	1,911,622	971,888
Outside Contractors	67,655	461	376	68,492	19,465
Volunteer Hours Expense	8,850	0	0	8,850	0
Professional Services	0	8,200	0	8,200	11,175
Occupancy	147,511	8,195	8,195	163,901	157,410
Utilities	20,340	3,096	3,096	26,532	17,857
Janitorial	4,429	554	554	5,537	4,623
Supplies/Misc.	24,232	16,396	4,163	44,791	18,034
Concession Supplies	18,954	0	0	18,954	437
Communications	5,082	635	635	6,352	5,931
Postage and Shipping	4,168	1,390	10,575	16,133	21,319
Printing and Copying	64,737	18,760	10,663	94,160	40,476
Travel and Meals	2,431	11,709	1,848	15,988	4,195
Credit Card Processing/Bank Fees	71,876	3,036	0	74,912	26,519
Insurance	12,016	1,502	1,502	15,020	10,737
Membership Dues	3,931	0	0	3,931	2,481
Interest	0	0	0	0	1,195
Repairs and Maintenance	43,706	0	0	43,706	151,350
Advertising and Marketing	284,248	0	1,218	285,466	145,165
Royalties	107,872	0	0	107,872	41,234
Special Events	0	0	141,635	141,635	154,254
Mainstage Events/Equipment	540,230	0	0	540,230	277,973
Theatre School	39,377	0	0	39,377	31,470
Taxes/Licenses	0	883	0	883	898
Total Expenses Before Depreciation	3,030,412	238,268	373,864	3,642,544	2,116,086
Depreciation	12,414	0	0	12,414	5,095
Total Expenses	\$ 3,042,826	\$ 238,268	\$ 373,864	\$ 3,654,958	\$ 2,121,181

See the Accompanying Notes to the Financial Statements.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
For the Year Ended August 31, 2022

Note 1 - Summary of Significant Accounting Policies

General

North Coast Repertory Theatre, a Non-Profit Corporation (the Theatre) is a non-profit organization incorporated in California in 1982. Its stated purpose is to educate the public in an appreciation of the theatre arts through stage productions of consistent quality, to be recognized as the premier professional regional live theatre in San Diego North Coastal County, to provide educational services for audiences of all ages, focusing on the youth of the community and to provide an opportunity for actors and theatre professionals to develop their artistic skills through participation in the Theatre's productions.

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting. Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could vary from estimates that were used due to inherent uncertainties in estimates and actual results may vary from those estimates in the near term.

Financial Statement Presentation

The Theatre is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

- Net assets without donor restrictions represent expendable funds available for operations that are not otherwise limited by donor restrictions.
- Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Theatre may spend the funds (irrevocable donor restrictions requiring that the assets be maintained in perpetuity to generate investment income.)

Use of Estimates

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

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Net assets with donor restrictions are reported in Note 4. All donor-restricted contributions are reported as net assets with donor restrictions. 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. Contributions in-kind are recorded at their fair market value at the time of receipt. All donor restricted support is reported as an increase in net assets with donor restrictions. 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 statements of activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services and Tangible Personal Property

The Theatre generally pays for services requiring specific expertise. However, sometimes individuals volunteer their time and perform a variety of tasks that assist the Theatre. For the year ended August 31, 2022, some of these services meet the criteria for recognition as contributed services. The amount recorded as contributed services was 590 hours at \$15 per hour for a total of \$8,850. The amount of contributed services that has not been recorded in the financial statements is 5,618 hours at \$15 per hour for a total of \$84,270.

Revenue and Revenue Recognition

Revenue is recognized when earned. When applicable, program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Theatre records deferred revenue situations when amounts are invoiced or paid but the revenue recognition criteria above are not met.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Ticket Sales

Ticket sales received prior to the fiscal year to which they apply are not recognized as revenues until the year earned.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Income Tax Status

The Theatre is classified as a Section 501(c) (3) Organization under the Federal Internal Revenue Code and Section 13.2210 (e) of the State Revenue and Taxation Code. As a result, it has been determined to be exempt from federal income and state franchise taxes. The Theatre is not classified as a private foundation under 509(c)(2). Tax years 2018-2020 are open to examination by taxing authorities.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments

Investments with readily determined market value are carried at market value and unrealized gains and losses are treated as current items in the year in which they occur. Investments without readily determined market values are carried at cost.

The FASB issued authoritative guidance relating to fair value measurements which establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

The Theatre measures fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market and participants at the measure date. The guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values.

A summary of the fair value hierarchy under the authoritative guidance is described in Note 6.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Comparative Totals for August 31, 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Theatre's financial statements for the year ended August 31, 2021, from which the summarized information was derived.

Note 2 - Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation and amortization at August 31, 2022:

	<u>2022</u>
Construction in progress	\$ 64,071
Leasehold improvements	166,738
Furniture and equipment	440,242
	<hr/>
	671,051
Accumulated depreciation and amortization	(434,753)
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Property and Equipment - Net	<u>\$ 236,298</u>

Note 3 - Deferred Revenue

The Theatre had received \$868,286 at August 31, 2022, on advance ticket sales for the next theater season. As each production is presented, the portion of the advance sales collections that pertains to that production will be recognized as revenue. In the event any of the scheduled productions for the season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders.

Note 4 - Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions received by the Theatre that are limited in their use by donor-imposed stipulations.

Net assets with donor restrictions are available for the following purposes as of August 31, 2022:

	<u>2022</u>
Purpose Restrictions	
Capital Campaign	\$ 74,348
Endowment Funds	50,915
Scholarships	15,000
Summer Enrichment	14,457
Theatre School	19,198
Shakespeare in schools	7,125
	<hr/>
Total	<u>\$ 181,043</u>

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 5 – Endowment Funds

Endowment funds were \$50,915 as of August 31, 2022. These funds are held in an agency endowment fund at The Jewish Community Foundation (JCF).

No later than April 1st of the year commencing after the fair market value of the fund reached the amount of \$50,000, JCF shall distribute to the Theatre an amount equal to the JCF payout rate multiplied by the fair market value of the fund (the “available amount”). The term “fair market value of the fund” shall mean the value of all cash and securities held by the fund, including all earnings and unrealized appreciation thereon, as determined by JCF. The term “JCF payout rate” shall mean the percentage rate determined by the Board of Directors of JCF pursuant to California law with respect to distributions from endowment funds. The fair market value of the fund reached \$50,000 in August of 2021 and the first distribution was received in February 2022.

JCF shall have all powers necessary to carry out the purposes of the fund, including, but not limited to, the power to retain, invest and reinvest the fund in any manner consistent with the California Uniform Prudent Management of Institutional Funds Act, and shall have the power to commingle the assets of the fund with those of other funds for investment purposes, provided that such commingling shall not contravene the purpose and limitations set forth in this agreement. JCF shall have the ultimate authority and control over all property in the fund, and the income derived therefrom, subject to the terms of this agreement and the standards for investment governing nonprofit public benefit corporations under California Corporations Code Section 5240. The fund shall be administered under and subject to the procedures and/or rules for the operation of permanent endowment funds as the same may be adopted, or modified from time to time, by JCF.

The fund shall be administered under and subject to the Bylaws, Articles of Incorporation and the endowment policies of JCF in effect from time to time. JCF shall have the power to modify and restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in the sole discretion of the Board of Directors (without the necessity of the approval of the Theatre or any beneficiary organization), such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. All money and property in the fund shall be assets of JCF, and not a separate trust, and shall be subject only to the control of JCF. Even though the fund may not be segregated, separate accounting records will be maintained for the fund. Nothing in this agreement is intended to be inconsistent with the status of JCF as an organization described in Sections 501(c)(3) and 509(a) of the Internal Revenue Code of 1986. JCF is authorized to amend this agreement to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention.

For the year ended August 31, 2022, the Theatre received \$2,662 in distributions from the fund.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 6 – Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following details the level within the fair value hierarchy of the Theatre's assets as fair value as of August 31, 2022. Level 1 investment consists of equities and CDS and totaled \$21,686. There were no Level 2 assets. The Level 3 asset is Portfolio Investors II, L.P. a Delaware limited partnership holding rental real estate assets in San Diego County. Since quoted prices are not available as this is not a liquid investment and the Theater does not have the ability to access value at the measurement date, these investments are classified as Level 3 assets and recorded at cost.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 6 – Fair Value Measurements (continued)

Investments at fair market value at August 31, 2022, consist of the following:

	<u>Adjusted Cost</u>	<u>Fair Market Value</u>	<u>Fair Value (Level 1)</u>
Level 1 funds			
Fund at JCF	\$ 47,674	\$ 52,356	\$ 52,356
Money Market Funds			
C/D - Pacific Premier	26,308	26,308	26,308
C/D - CA Bank and Trust	75,058	75,058	75,058
Level 3 funds			
Portfolio Investors II, LP	100,000	N/A	100,000

Investment return for the year ended August 31, 2022 included in the statements of activities is comprised of the following:

	<u>2022</u>
Realized and unrealized losses	\$ (8,214)
Interest and dividends (net of fees of \$263)	1,578
	<u>\$ (6,636)</u>

Note 7 – Cash and Equivalents

At August 31, 2022, cash was held in the following institutions:

Change Funds	\$ 550
Union Bank - checking (2 accounts)	272,065
Wells Fargo (2 accounts)	107,137
US Bank (3 accounts)	1,583,635
CA Bank and Trust (2 accounts)	3,293
Endeavor Bank (2 accounts)	410,322
IFG Financial (1 account)	307
	<u>\$ 2,377,309</u>

Concentration of Credit Risk

The Theatre maintains its cash in bank accounts and brokerage accounts, which, at times, may exceed federally insured limits. The Theatre has not experienced any losses in such accounts. The Theatre believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts are insured by the FDIC for amounts up to \$250,000.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 8 – Restricted Assets – San Diego Foundation

Total assets with a fair market value of \$36,765 are held in the North Coast Repertory Theatre endowment fund of the San Diego Foundation and invested by the Foundation. The Theatre has no ownership rights over the principal and does not include these funds on the statement of financial position. However, the Theatre receives investment income annually from these assets. Total income received from the San Diego Foundation for the year ended August 31, 2022 was \$1,396.

Note 9 – Operating Lease

The Theatre leases its theatre and office facilities under a month-to-month rental agreement. The Theater leases its theatre school space under a lease agreement that ends December 2023. In addition, the Theatre has a non-cancelable operating lease for office equipment that expires October 2024. Total rental expense was \$163,421 for the year ended August 31, 2022.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of August 31, 2022 are:

2023	\$	33,520
2024		17,520
2025		1,587
2026		0
2027		0

Note 10 – Retirement Plan

The Theatre maintains a tax deferred contribution plan qualified under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute a percentage of their compensation to the Plan. Employer contributions totaled \$16,200 for the year ended August 31, 2022.

Note 11 – Shuttered Venue Grant

On July 3, 2022 and November 11, 2021, the Theatre was awarded Shuttered Venue Operators Grants in the amount of \$579,464 and \$436,038 respectively. This grant can be expended for certain expenses incurred beginning on July 3, 2022 and ending on December 31, 2022. Proceeds from the Shuttered Venue Operators Grant will be used for expenses not allocated to PPP funds previously received. In the event the Theatre does not have enough qualified expenses for the full amount of the grant, during the applicable time period, such funds are to be returned. Income from this government grant in the amount of \$193,155 was recorded as of August 31, 2021. The remaining funds have been recorded as revenue in this year.

North Coast Repertory Theatre,
A Non-Profit Corporation
Notes to Financial Statements
(continued)
For the Year Ended August 31, 2022

Note 12–Employee Retention Credit

During the fiscal year ended August 31, 2022, the Theatre received credits totaling \$107,489. This amount has been recorded as contributions.

Note 13–Subsequent Events

Events subsequent to August 31, 2022 have been evaluated through January 4, 2023, the date these financial statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events.