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June 18, 2024

Andrew P. Powers
City Manager
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

RE: TOArts Operations and Programming Update

Dear Mr. Powers,

The TOArts Board of Directors is pleased to present this report to the City of Thousand Oaks ("City") outlining TOArts' operations and programming for the last twelve months ending, June 30, 2024. On behalf of the entire Board, I would like to thank you for the incredible partnership that we share with the City of Thousand Oaks. Together we are making our community a place *Where the Arts Thrive for All*.

Governance

- **Board Membership** – The TOArts Board has added two new members to the Board: former CFO at California Lutheran University (CLU) Karen Davis and entrepreneur Keith Wintermute.
- **Diversity, Equity, and Inclusion** – Last year, the Inclusive Advisory Council made a recommendation to TOArts staff to bring arts into nontraditional spaces. This Spring, TOArts presented David Gonzalez, a poet, musician and storyteller who did storytelling workshops at two of Many Mansions housing facilities, Westminster Free Clinic, Fifty and Fab – CLU's over 50 lecture series and Leadership Conejo's graduation ceremony in a week-long residency. He additionally performed a free concert at the Scherr Forum Theatre with a Latin Jazz Band, where many of the attendees from the week were able to attend his poetry set to music.

Finance

- **Annual Audit** – The Board reviewed the annual independent audit report for FY 2022-23 (Attachment #1) and accepted it during a Special meeting of the Board on June 10, 2024. The audit report provides a written opinion of the auditor regarding TOArts financial statements from July 1, 2022, to June 30, 2023.
- **Divestiture** – TOArts successfully transitioned from the support of the City's Finance Department to an independent bookkeeping service for the administration of its accounts. The board and staff are deeply grateful for the nearly seven years of support and fiscal leadership from Jaime Boscarino and her team, with particular appreciation for Sr. Accountant Blanca Gomez.

Development

- **Fundraising** – TOArts continues to surpass its annual fundraising goals and we are very grateful for our donors and ambassadors for their investment in the arts. Additionally, we are in the early stages of planning a 30th Anniversary celebration for the Civic Arts Plaza's Bank of America Performing Arts Center.

Work Force Development

- **Advanced Theatre Summer Conservatory** - Builds multi-hyphenate artists in an intensive two-week program, where students create original pieces to produce and perform at the BAPAC, with the help of award-winning directors, designers, and performers. Last July, 15 students participated in this pilot program.
- **Youth Arts Leadership Academy (YALA)** - Gives high school and collegiate leaders in the arts a platform throughout the school year to grow as artists, producers, and administrators in all arts disciplines, while working with industry professionals to create a capstone community event at the BAPAC. This cohort produced a free, youth arts festival on the lawns of the Civic Arts Plaza, complete with food trucks, arts vendors, a creation station by Art Trek, and a series of performances (dance, choir, duets, quartets, band, guitar, etc...) on May 25th which was attended by over 500 people.

Arts Education

- **AccessArts** – This school year, TOArts provided funding to local elementary schools for a variety of arts education needs ranging from regular weekly dance lessons all year to capital improvement projects where we supported the conversion of a classroom into a performing arts lab.
- **Kids and the Arts** - This year we were able to provide free tickets and transportation to 7,000 (nearly double the amount from last year) students and teachers representing 67 schools (from Filmore and Piru to Woodland Hills), to see three different school shows – **Sewam Native American Dance**, **Tomas and the Library Lady** and **North, the Musical about the Underground Railroad**. Additionally, in a wonderful partnership with Westlake Women's Club, they donated and delivered the book *Tomas and the Library Lady* to 63 classrooms across the County a week before the performance. This additional resource was very well received in the classroom and the students were better prepared to understand what the play was about.
- **Trailblazers Ed** – nearly 1200 students at the four Conejo Valley high schools heard from our remarkable lineup of National Geographic speakers, sparking interest in the students to know more about discovering new species of primates by Dr. Mireya Mayor and being more involved in the fight against microplastics with Mike Libeck or learning about parasites who influence the minds of their hosts from biologist turned photographer Anand Varma and inspiring them to travel the globe and experience different cultures by Nat Geo's first female photographer Jodi Cobb.

Community Support

- **Conejo Valley Youth Open Mic Night** – When a high school entrepreneur reached out to ask for support to sponsor an Open Mic Night for middle and high school students to have a safe space to perform, TOArts jumped at the opportunity to mentor (we worked with the student to create an executive summary and a budget) and sponsor. *“Youth Open Mic, however, encourages youth artists to perform while also feeling safe and comfortable. They are free with their art, and don’t feel intimidated, but inspired by their peers and supported by their community.” – Gaby Montiel, TOHS Freshman*
- **Olson Performance Grants** –TOArts granted \$145,000 in theatre credits to 16 nonprofit arts groups to help offset the costs of renting the Bank of America Performing Arts Center theatres. \$70,000 of the \$145,000 was granted to the resident companies.
- **Audience Development Project** – In year 2 of 3, this project has a goal to help the resident companies to build greater awareness and attract new audiences. Consortium Media is working to develop a strategy to use the findings (many of which were presented to City Council last year) to bolster awareness and attendance at the Bank of America Performing Arts Center. Additionally, their focus this year is to create a greater awareness of the venue itself by focusing on its history and its role in the community.

Community Involvement

- **Sponsorship** - TOArts continues to support CLU’s Center for Nonprofit Leadership State of the Sector event. Additionally, we are proud to support the City’s annual *Pop-Up Arts & Music Festival*; last June, funding from TOArts was used to assist with securing diverse artists who are more reflective of the community. This year TOArts was thrilled to support the return of the Turkey Trot hosted by Five07 and were also a sponsor of the Museum of Ventura County’s VC150 celebrations. TOArts is a member of the Chamber of Commerce’s Champions Circle and is an annual sponsor of Thousand Oaks’ *State of the City* as well as the Chamber’s Recognition Gala. This year, TOArts was a sponsor at California Presenters Conference in Palm Springs which is an annual gathering of performing arts presenters from all over the State of California.
- **Leadership** - TOArts’ Associate Director serves on the Thousand Oaks Rotary Scholarship Committee. She is also a board member of the Greater Conejo Chamber of Commerce. She additionally served on the VCCF County Arts Grant Committee that reviewed over 60 grant applicants to allocate funds to arts organizations in Ventura County. She was recently invited to be a webinar panelist by Candid.org in a discussion about the importance of demographic reporting of leadership by nonprofits which was attended by over 500 attendees nationwide. Our Executive Director serves on the board of Art Trek. Demonstrating leadership among their peers

in their fields, both our Executive Director and Associated Director led sessions at the California Presenters conference.

- **Reframe VC** This year we were proud to partner with the County of Ventura in the presentation and sponsorship of Ventura County's, first of its kind, Arts Summit. Held at Studio Channel Islands, we presented a day of inspiration, education, and connection to over 85 artists, culture bearers and arts workers from all over Ventura County.
- **Young Artists Ensemble (YAE)** – TOArts is continuing to serve as the fiscal receiver for the program. YAE is a fixture in the local community and provides local youth and teens, between the ages of 10 and 19, with opportunities to perform in plays and musicals. Last July, YAE performed their annual teen summer musical *The Phantom of the Opera: Student Edition* in the Scherr Forum Theatre.

Performances

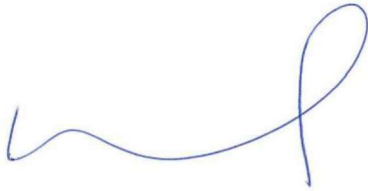
- **TOArts Presents** – This year, TOArts presented 56 performances between the Scherr Forum and Fred Kavli Theatres. These performances attracted more than 52,000 patrons and generated approximately \$2 million in ticket revenue. TOArts presented a larger quantity of culturally significant and artistic work in FY 2023-24 which took increased financial risk. As the largest presenter at the Bank of America Performing Arts Center, TOArts is pleased to continue to present a diverse lineup of performances.
- **TOArts presents After Dark at Stagecoach** - This fun, festival-style outdoor concert series features an eclectic and unique lineup of entertainment. This series is curated to present fresh and compelling artists to engage a diverse audience. Last year we presented 4 shows to a total audience of approximately 1,200 people.

The Year Ahead

The TOArts Board recognizes the significant growth of our programs over the last seven years. With an emphasis on high quality, education in the arts across the arc of an artist's career, TOArts has implemented new programs focused on developing young artists, producers, and administrators through the *Summer Theatre Conservatory* and *Youth Arts Leadership Academy*. These programs, along with expanded offerings for arts education field trips, grant programs, and the planning required for the *Curtain Up* fundraising gala carry an increased work load. The TOArts Board has approved additional expenditures to reimburse the Theatres Fund for additional staff costs. The Board is requesting authorization for the Cultural Affairs Department to convert the current part-time Development and Program Coordinator into a full-time position to better-support the operational needs of TOArts.

For the upcoming FY 2024-25, we will celebrate the 30th Anniversary of the Civic Arts Plaza. TOArts has already booked over 40 performances in the Fred Kavli Theatre and Scherr Forum with more to confirm throughout the year. TOArts is proud to play our role, as a partner in the community, to strengthen the creative economy through arts, culture, and entertainment. On behalf of the members of the TOArts Board and staff, thank you for your continued support of our efforts and activities.

Sincerely,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.

Attachments:

Attachment #1 – FY 2023-24 Audit

Attachment #2 – FY 2023-24 Programming

THOUSAND OAKS ALLIANCE FOR THE ARTS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

Thousand Oaks Alliance For The Arts

Financial Statements June 30, 2023

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The Board of Directors of
Thousand Oaks Alliance for the Arts
Thousand Oaks, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Thousand Oaks Alliance for the Arts (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Thousand Oaks Alliance for the Arts as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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.



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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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period-of-time.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
April 10, 2024

FINANCIAL STATEMENTS

Thousand Oaks Alliance For The Arts

Statements of Financial Position

June 30, 2023

(With Summarized Financial Information for June 30, 2022)

| | 2023 | 2022 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,040,570 | \$ 546,510 |
| Contributions receivable (Note 3) | 72,140 | 125,390 |
| Deposits | 25,000 | 25,000 |
| Cash value of life insurance (Note 6) | 79,219 | 76,287 |
| Charitable remainder trust (Note 5) | 376,766 | 371,292 |
| Total Current Assets | 1,593,695 | 1,144,479 |
| Noncurrent assets: | | |
| Contributions receivable, net of current portion (Note 3) | 214,289 | 259,809 |
| Beneficial interest in assets held by California Community Foundation and Ventura County Community Foundation (Note 1) | 4,258,835 | 4,263,115 |
| Investments (Note 2) | 4,162,572 | 3,731,575 |
| Investments restricted as endowment fund principal (Note 2) | 2,800,000 | 2,800,000 |
| Total Noncurrent Assets | 11,435,696 | 11,054,499 |
| Total Assets | \$ 13,029,391 | \$ 12,198,978 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 208,725 | \$ 231,287 |
| Founders credits payable | - | 5,000 |
| Deposits | 75 | 75 |
| Total Current Liabilities | 208,800 | 236,362 |
| Noncurrent liabilities: | | |
| Shared revenue agreements (Note 11) | 125,853 | 125,853 |
| Founders credits payable, net of current potion | 2,000 | 1,814 |
| Total Noncurrent Liabilities | 127,853 | 127,667 |
| Total Liabilities | 336,653 | 364,029 |
| Net assets: | | |
| Without donor restrictions (Note 7) | 5,167,319 | 4,315,916 |
| With donor restrictions (Note 7) | 7,525,419 | 7,519,033 |
| Total Net Assets | 12,692,738 | 11,834,949 |
| Total Liabilities and Net Assets | \$ 13,029,391 | \$ 12,198,978 |

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

Thousand Oaks Alliance For The Arts

Statements of Activities

And Changes in Net Assets

For the Year Ended June 30, 2023

(With Summarized Financial Information for June 30, 2022)

| | Without Donor Restrictions | With Donor Restrictions | Totals | |
|--|----------------------------------|-------------------------------|----------------------|----------------------|
| | | | 2023 | 2022 |
| Revenues, Gains and Other Income: | | | | |
| Revenues and gains: | | | | |
| Donations | \$ 401,256 | \$ - | \$ 401,256 | \$ 189,075 |
| Performance revenue | 426,959 | - | 426,959 | 254,488 |
| Grants | 21,200 | - | 21,200 | 511,000 |
| Concessions revenue | 103,297 | - | 103,297 | - |
| In-kind contribution of rent and services | 139,312 | - | 139,312 | 149,835 |
| Memberships | 11,773 | - | 11,773 | 9,563 |
| Sponsorships | 39,594 | - | 39,594 | - |
| Net investment return | 1,136,434 | - | 1,136,434 | (2,122,796) |
| Gross special events revenue | 324 | - | 324 | 46,033 |
| Net assets released from restrictions | 2,020 | (2,020) | - | - |
| Total revenues and gains | 2,282,169 | (2,020) | 2,280,149 | (962,802) |
| Other income: | | | | |
| Change in value of charitable trust | - | 5,474 | 5,474 | 5,395 |
| Change in cash surrender value of life insurance | - | 2,932 | 2,932 | 840 |
| Founders credit income | 4,814 | - | 4,814 | 4,449 |
| Total other income | 4,814 | 8,406 | 13,220 | 10,684 |
| Total Revenue, Gains and Other Income | 2,286,983 | 6,386 | 2,293,369 | (952,118) |
| Expenses: | | | | |
| Program services | 752,001 | - | 752,001 | 963,029 |
| Administration | 527,670 | - | 527,670 | 491,870 |
| Fundraising | 155,909 | - | 155,909 | 150,630 |
| Total Expenses | 1,435,580 | - | 1,435,580 | 1,605,529 |
| Changes in Net Assets | 851,403 | 6,386 | 857,789 | (2,557,647) |
| Net Assets, Beginning of Year | 4,315,916 | 7,519,033 | 11,834,949 | 14,392,596 |
| Net Assets, End of Year | \$ 5,167,319 | \$ 7,525,419 | \$ 12,692,738 | \$ 11,834,949 |

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

Thousand Oaks Alliance For The Arts

Statements of Cash Flows

For the Year Ended June 30, 2023

(With Summarized Financial Information for June 30, 2022)

| | 2023 | 2022 |
|--|----------------------------|--------------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | <u>\$ 857,789</u> | <u>\$ (2,557,647)</u> |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Amortization of charitable trust and founders credits | (10,288) | (9,844) |
| Change in cash surrender value of life insurance | (2,932) | (840) |
| Reinvested dividends, realized and unrealized gains in investment accounts | (426,717) | 2,619,025 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in contributions receivable | 98,770 | (6,781) |
| Increase (decrease) in accounts payable | <u>(22,562)</u> | <u>(118,842)</u> |
| Total Adjustments | <u>(363,729)</u> | <u>2,482,718</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>494,060</u> | <u>(74,929)</u> |
| Net Increase (Decrease) in Cash and Investments | 494,060 | (74,929) |
| Cash and Cash Equivalents at Beginning of Year | <u>546,510</u> | <u>621,439</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 1,040,570</u> | <u>\$ 546,510</u> |

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

Thousand Oaks Alliance For The Arts

Statements of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Financial Information for June 30, 2022)

| | Program Services | Management and General | Fundraising | Totals | |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|---------------------|
| | | | | 2023 | 2022 |
| Expenses: | | | | | |
| Accounting and auditing | \$ - | \$ 9,500 | \$ - | \$ 9,500 | \$ 10,684 |
| Advertising and public relations | 250 | 17,914 | - | 18,164 | 22,743 |
| Dues, memberships and subscriptions | - | 3,866 | - | 3,866 | 3,060 |
| Contractual agreements | - | 296,230 | - | 296,230 | 293,357 |
| Contractual services | 69,146 | 52,866 | 3,614 | 125,626 | 37,884 |
| Insurance | - | 6,247 | - | 6,247 | 5,933 |
| Miscellaneous | 490 | 8,616 | 4,612 | 13,718 | 11,629 |
| Printing | - | 6,893 | 580 | 7,473 | 6,562 |
| Rents | 2,104 | - | 1,029 | 3,133 | - |
| Salaries and benefits | 59,747 | 51,212 | 59,748 | 170,707 | 152,446 |
| Travel and training | - | 21,470 | - | 21,470 | 3,409 |
| Supplies | 5,024 | 12,296 | 12,523 | 29,843 | 19,251 |
| Performances | 414,468 | - | 3,513 | 417,981 | 199,633 |
| Special programs | 23 | - | 5,914 | 5,937 | 15,103 |
| Grants | 166,373 | - | - | 166,373 | 674,000 |
| In-kind services and rents | 34,376 | 40,560 | 64,376 | 139,312 | 149,835 |
| Total Expenses | \$ 752,001 | \$ 527,670 | \$ 155,909 | \$ 1,435,580 | \$ 1,605,529 |

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

Thousand Oaks Alliance For The Arts

Notes to Financial Statements **June 30, 2023**

Note 1: Organization and Summary of Significant Accounting Policies

Description of the Reporting Entity

Thousand Oaks Alliance for the Arts (TOArts) is a nonprofit public benefit corporation. Its purpose is to advance, support, and present visual and performing arts, cultural events, and arts education at the Thousand Oaks Civic Arts Plaza's Bank of America Performing Arts Center and to contribute to the economic vitality and quality of life of Thousand Oaks and the greater Conejo Valley, California. TOArts is governed by a Board of Directors (the "Board"), which is responsible for all activities of TOArts. Trustees serve a three-year term and receive no compensation for their services.

The Thousand Oaks Civic Arts Plaza's two-theatre complex consists of the 1,800 seat Fred Kavli Theatre and the 400 seat Janet and Ray Scherr Forum Theatre. TOArts provides marketing and fundraising assistance to the theatres to help defray operational costs. Also, each year TOArts provides theatre credits to local nonprofit performing arts groups. In addition, grants are provided yearly to the Resident Companies performing at the Thousand Oaks Civic Arts Plaza.

TOArts supports school children with the opportunity to attend select children's performances at no charge through its Kids and the Arts school outreach program. Yearly, approximately 4,000 deserving children receive free admission and bus transportation to performances.

Basis of Presentation

The financial statements of TOArts have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Cash and Equivalents

TOArts considers cash investments to include highly liquid investments purchased with an original maturity of three months or less. They are carried at cost, which is equal to fair value, on the statement of financial position.

As of June 30, 2023, TOArts' deposits with financial institutions were below federal depository insurance limits.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

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

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

TOArts includes contributions and promises to give within net assets with donor restrictions if such items are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the amount is reclassified from net assets with donor restrictions to net assets without donor restrictions, and is reported in the statement of activities as net assets released from restrictions.

Contributions Receivable

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. TOArts reports unconditional contributions as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Discounts for promises to give (pledges due in over one year) are recorded as reductions to contribution revenue and contribution receivable. Discounts increase contribution revenue when the pledge is received.

Unconditional promises to give are discounted to present value using an interest rate of five percent.

Beneficial Interest in Charitable Remainder Trust

TOArts has been designated as the beneficiary of assets held in an irrevocable charitable remainder trust dated October 13, 1995. This trust stipulates that TOArts will receive \$500,000 upon the death of the donors. TOArts recognizes contribution revenue with donor restrictions and, as an asset, the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the asset to reflect the changes in present value are recognized in the statement of activities as a change in value of beneficial interest in charitable remainder trust.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

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

Beneficial Interest in Assets Held by California Community Foundation and Ventura County Community Foundation

In December 2017, TOArts received a \$4,000,000 contribution from the City of Thousand Oaks (City) which was invested with California Community Foundation (CCF) as an increase to TOArts' endowment. The fund is held and invested by CCF for TOArts' benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities. The fair value of the assets including investment earnings is \$4,068,296 at June 30, 2023.

Assets held with the Ventura County Community Foundation (VCCF) include a programming and education fund. The fund is held and invested by VCCF for TOArts' benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities. The fair value of the assets including investment earnings is \$190,539 at June 30, 2023.

Total beneficial interest in assets held with CCF and VCCF amounts to \$4,258,835.

Long-Lived Assets

TOArts reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2023.

Net Assets Classifications

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of TOArts are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements **June 30, 2023**

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

Net Assets Classifications (Continued)

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

Concentration of Credit Risk

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

Contributed Services and Facilities

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2023, TOArts recognized revenue for in-kind donations as follows:

| | | |
|-------------------|----|-------------|
| In-kind rent | \$ | 11,094 |
| In-kind services | | 30,000 |
| In-kind employees | | 98,218 |
| | | <hr/> |
| | \$ | 139,312 |
| | | <hr/> <hr/> |

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements **June 30, 2023**

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

Income Taxes

TOArts is organized pursuant to the Nonprofit Public Benefit Corporation Law for public and charitable purposes. TOArts is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. TOArts is also exempt from California franchise taxes and certain general county real and personal property taxes.

TOArts has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to TOArts qualify for deduction as charitable contributions.

TOArts Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the Internal Revenue Service, generally for three years after they were filed. Similarly, TOArts Forms 199, *California Exempt Organization Annual Information Return* were subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Employees

TOArts does not have employees. Per a Memorandum of Understanding, the City of Thousand Oaks provides personnel services to TOArts.

Functional Allocation of Expenses

The costs of providing TOArts' programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. TOArts allocates indirect costs based on time estimates.

Management's Review

Management has evaluated subsequent events through April 10, 2024, which is the date these financial statements were available to be issued.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 2: Investments

Investments at June 30, 2023 consist of the following:

| | |
|------------------------|---------------------|
| Stocks | \$ 2,024,041 |
| ETFs and CEFs | 824,014 |
| Corporate Fixed Income | 222,891 |
| Government Securities | 251,393 |
| Mutual funds | <u>3,640,233</u> |
| | <u>\$ 6,962,572</u> |

The above includes \$2,800,000 which is shown as investments restricted as endowment fund principal on the statement of financial position.

Fair Value Measurements

TOArts has implemented the accounting standard which defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The statement applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 2: Investments (Continued)

Fair Value Measurements (Continued)

The following table presents information about TOArts' assets that are measured at fair value on a recurring basis at June 30, 2023 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

| | Year Ended June 30, 2023 | Fair Value of Measurements Using | | |
|--|-----------------------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Non-observable Inputs (Level 3) |
| Stocks | \$ 2,024,041 | \$ 2,024,041 | \$ - | \$ - |
| ETFs and CEFs | 824,014 | 824,014 | - | - |
| Corporate Fixed Income | 222,891 | - | 222,891 | - |
| Government Securities | 251,393 | - | 251,393 | - |
| Mutual funds | 3,640,233 | 3,640,233 | - | - |
| Total Investments | 6,962,572 | 6,488,288 | 474,284 | - |
| Beneficial interest in charitable remainder trust | 376,766 | - | - | 376,766 |
| Cash surrender value of life insurance | 79,219 | - | - | 79,219 |
| Total | \$ 7,418,557 | \$ 6,488,288 | \$ 474,284 | \$ 455,985 |

| | Fair Value of Measurements Using Significant Observable Input (Level 3) With Donor Restrictions | | |
|-------------------|---|--|------------|
| | Beneficial Interest in Charitable Remainder Trust | Cash Surrender Value of Life Insurance | Total |
| Beginning Balance | \$ 371,292 | \$ 76,287 | \$ 447,579 |
| Change in value | 5,474 | 2,932 | 8,406 |
| Ending Balance | \$ 376,766 | \$ 79,219 | \$ 455,985 |

The fair value of the mutual funds within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year. The fair value of the beneficial interest in charitable remainder trust within Level 3 was determined as described in Note 1, while the cash surrender value of the life insurance policy within Level 3 was determined by the insurance company based on payments to be made in the event of voluntary termination of the policies prior to maturity date.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 2: Investments (Continued)

Fair Value Measurements (Continued)

TOArts recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments related to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2023.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future net values. Furthermore, while TOArts believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3: Contributions Receivable

At June 30, 2023, contributions receivable are due to be received as follows:

| | |
|--|--------------------------|
| Within one year | \$ 72,140 |
| One to five years (\$332,932 net of 5% present value discount of \$46,503 | <u>214,289</u> |
| Contributions Receivable (Net) | <u><u>\$ 286,429</u></u> |

Note 4: Concentrations

At June 30, 2023, two donors' promises comprise 26% and 57%, respectively, of contributions receivable.

Note 5: Charitable Remainder Trust

TOArts' interest in the charitable remainder trust has been valued at June 30, 2023, as follows:

| | |
|---|--------------------------|
| Future value of charitable remainder trust | \$ 500,000 |
| Less: Present value discount (5%) | <u>(123,234)</u> |
| Beneficial Interest in Charitable Remainder Trust | <u><u>\$ 376,766</u></u> |

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 6: Cash Surrender Value of Life Insurance

TOArts owns four \$25,000 face value life insurance policies contributed by donors in prior years. TOArts values these life insurance policies at the cash surrender value. At June 30, 2023, the cash surrender value was \$79,219.

Note 7: Net Assets

Net assets without donor restrictions are comprised of the following at June 30, 2023:

| | |
|-----------------------------------|----------------------------|
| General | \$ (32,114) |
| Designated: | |
| Board designated reserve (Note 8) | <u>5,199,433</u> |
| | <u><u>\$ 5,167,319</u></u> |

Net assets with donor restrictions are restricted for the following purposes at June 30, 2023:

| | |
|---|----------------------------|
| Subject to expenditure for specified purpose: | |
| FOTCAP* | \$ 9,434 |
| Carpenter Fund** | <u>260,000</u> |
| | <u>269,434</u> |
| Subject to the passage of time: | |
| Charitable remainder trust | 376,766 |
| Cash surrender value of life insurance | <u>79,219</u> |
| | <u>455,985</u> |
| Endowment: | |
| Permanently restricted to general endowment | <u>6,800,000</u> |
| Total Net Assets with Donor Restrictions | <u><u>\$ 7,525,419</u></u> |

*The Friends of the Civic Plaza (FOTCAP) is intended to support usher recognition.

**The Mary and Richard Carpenter Performing Arts Grant Fund ("Carpenter Fund") is intended to further musical efforts of individuals and groups.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements **June 30, 2023**

Note 8: Endowment

TOArts' endowment fund was established by donor-restricted gifts and bequests to provide a perpetual endowment, which is to provide a permanent source of income to TOArts. Beneficial interests in charitable remainder trusts are not considered part of the endowment of TOArts.

The management of TOArts understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanent endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity. In accordance with an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), TOArts preserves the fair value of (a) original gifts donated as of the date of the donor restricted endowment fund, and (b) the original value of subsequent gifts to the permanent endowment. The accumulated earnings of the donor-restricted endowment fund are classified as net assets with donor restrictions and are available to be appropriated for expenditure by TOArts in a manner consistent with the Thousand Oaks Alliance for the Arts Endowment Distribution Policy.

The primary long-term financial objective for TOArts' endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. The endowment is also managed to optimize the long-term total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the existing spending policy of TOArts and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). It is anticipated that the elements of the endowment portfolio generally should match or exceed each of the returns for the broader capital markets in which assets are invested.

The Board of Directors of TOArts has established a spending policy that distributes a specific payout rate of the endowment base to support the programs of TOArts utilizing a total rate of return methodology for spending from the endowments as provided under UPMIFA. The Board of Directors established a spending rate (for programming purposes) of 4% on a rolling twelve quarter average of the fair value of these investments. Funds not withdrawn in any one year will continue to be available in subsequent years. Such a policy allows for greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy minimizes the probability of invading the principal over the long term. The Board of Directors established a reserve of \$500,000 that is restricted for use when theatre performances in total for the year show a loss.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 8: Endowment (Continued)

The composition of endowment net assets as of June 30, 2023 is as follows:

| | For the Fiscal Year Ended June 30, 2023 | | |
|-------------|--|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment | <u>\$ 5,199,433</u> | <u>\$ 6,800,000</u> | <u>\$ 11,999,433</u> |
| Total Funds | <u>\$ 5,199,433</u> | <u>\$ 6,800,000</u> | <u>\$ 11,999,433</u> |

The changes in endowment net assets for the year ended June 30, 2023 are as follows:

| | For the Fiscal Year Ended June 30, 2023 | | |
|--|--|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 4,167,421 | \$ 6,800,000 | \$ 10,967,421 |
| Contributions | - | - | - |
| Investment return, net | 1,105,012 | - | 1,105,012 |
| Distribution from board-designated endowment pursuant to distribution policy | <u>(73,000)</u> | <u>-</u> | <u>(73,000)</u> |
| Endowment net assets, end of year | <u>\$ 5,199,433</u> | <u>\$ 6,800,000</u> | <u>\$ 11,999,433</u> |

As noted in Note 7, total net assets without donor restriction included \$5,199,433 board-designated endowment less a deficit of \$32,114 other net assets without donor restriction for a total net assets without donor restriction of \$5,167,319.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 9: Ventura County Community Foundation Endowment Fund

The Ventura County Community Foundation (VCCF) is a non-profit California public benefit corporation exempt from taxation pursuant to Internal Revenue Code Section 170(b)(1)(A)(vi). The Alliance for the Arts, TOArts' predecessor agency, contributed \$3,000,000 to Thousand Oaks Civic Auditorium/Forum Theatre Endowment Fund (Fund) maintained by VCCF to provide financial support to the City of Thousand Oaks exclusively for the Civic Auditorium/Forum Theatre. At June 30, 2023, the fair value of the assets in this fund on deposit at VCCF was \$4,369,620.

The City receives an annual distribution of the fund's earnings. Neither TOArts nor the City has the ability to take distributions other than the annual distribution previously mentioned and has no other form of control over the fund, therefore it is not included as an asset in the financial statements of the City nor of TOArts.

The Finance Director of the City is empowered to withdraw the distributable income on an annual basis. Invasion of principal can be undertaken only in very limited circumstances and VCCF has variance powers over these funds.

Note 10: Contribution to the City of Thousand Oaks

TOArts is contractually committed to contributing annually an amount in cash which, when added to the annual amount received by the City from the VCCF's Fund amounts to \$520,200 in fiscal year 2022-23.

For the year ended June 30, 2023, earnings from the Fund distributed to the City totaled \$224,170. Therefore, TOArts contributed \$296,030 in cash to the City exclusively for the Theater Enterprise Fund, making up the \$520,200 contribution commitment referred to above.

Note 11: Shared Revenue Agreements

The City and TOArts are parties to agreements governing "naming opportunities" at the Civic Arts Plaza. The agreements call for the City to receive a percentage of the proceeds from donors, after expenses. Current naming opportunities are executed as pledges which are payable over one to ten years.

At June 30, 2023, TOArts had successfully executed naming opportunity agreements that will result in future payments due to the City of approximately \$125,853. Payments to the City due as donor pledge payments are received by TOArts.

The estimated future payments due to the City are recorded as a reduction of Contribution Revenue and an increase in Shared Revenue Agreements Payable.

Thousand Oaks Alliance For The Arts

Notes to Financial Statements June 30, 2023

Note 12: Fundraising Costs

Total fundraising costs for the year ended June 30, 2023 were \$155,909.

Note 13: Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expense consisting of the following:

| | | |
|---------------------------|----|-------------------------|
| Cash and cash equivalents | \$ | 1,040,570 |
| Contribution receivable | | 72,140 |
| Investments | | <u>4,162,572</u> |
| Total | \$ | <u><u>5,275,282</u></u> |

TOArts Presents
Fiscal Year 2023-24 Programming

| | | |
|--|-------------------------------|------------|
| Bored Teachers [N] | Thursday, July 6, 2023 | Kavli |
| Moody Blues' John Lodge [DZP] | Saturday, July 29, 2023 | Kavli |
| Ryan Hamilton | Friday, August 25, 2023 | Scherr |
| Five for Fighting/ with String Quartet | September 7-8, 2023 | Scherr |
| Socks in the Frying Pan | Saturday, September 9, 2023 | Scherr |
| Complexions Contemporary Dance | Wednesday, September 13, 2023 | Kavli |
| Carl Verheyen Band | Thursday, September 21, 2023 | Scherr |
| My Son the Hurricane | Friday, September 29, 2023 | Stagecoach |
| Jim Jefferies [OB] | Thursday, October 5, 2023 | Kavli |
| Barrio Manouche | Friday, October 6, 2023 | Stagecoach |
| Taylor Rae | Friday, October 13, 2023 | Stagecoach |
| Lee Rocker | Saturday, October 14, 2023 | Scherr |
| Angelique Francis | Friday, October 20, 2023 | Stagecoach |
| TOArts Trailblazer - Anand Varma | Friday, October 27, 2023 | Kavli |
| Frankie Valli [DZP] | Saturday, October 28, 2023 | Kavli |
| Postmodern Jukebox [N] | Friday, November 10, 2023 | Kavli |
| Tom Papa | Saturday, November 11, 2023 | Kavli |
| Disney Jr. Costume Palooza [N] | Wednesday, November 15, 2023 | Kavli |
| Tower of Power [N] | Saturday, November 25, 2023 | Kavli |
| Josh Thomas | Thursday, November 30, 2023 | Scherr |
| Matteo Bocelli [S2BN] | Friday, December 1, 2023 | Kavli |
| Leslie Jones | Sunday, December 3, 2023 | Kavli |
| Blippi: The Wonderful World Tour [N] | Tuesday, December 5, 2023 | Kavli |
| Boleros de Navidad | Saturday, December 16, 2023 | Scherr |
| Straight No Chaser [N] | Wednesday, December 27, 2023 | Kavli |
| Tomas and the Library Lady | Wednesday, January 17, 2024 | Kavli |

| | | |
|--|-----------------------------|--------|
| Los Lonely Boys [N] | Thursday, January 25, 2024 | Kavli |
| TOArts Trailblazer - Mike Libeck | Friday, January 26, 2024 | Kavli |
| Blind Boys of Alabama w/Bobby Rush | Thursday, February 8, 2024 | Kavli |
| The Guess Who | Saturday, February 10, 2024 | Kavli |
| North: The Musical | Thursday, February 15, 2024 | Kavli |
| Josh Gates Live [TE] | Sunday, February 18, 2024 | Kavli |
| Chicago [N] | Sunday, February 25, 2024 | Kavli |
| The Psychology of Serial Killers | Thursday, February 29, 2024 | Kavli |
| Brad Upton | Friday, March 1, 2024 | Scherr |
| TOArts Trailblazer - Jodi Cobb | Friday, March 1, 2024 | Kavli |
| Brian Culbertson [N] | Thursday, March 7, 2024 | Kavli |
| God is a Scottish Drag Queen | Saturday, March 9, 2024 | Scherr |
| Heather McDonald [N] | Saturday, March 16, 2024 | Scherr |
| Melissa Etheridge | Friday, April 5, 2024 | Kavli |
| My Mother's Italian, My Father's Jewish... (2 perf.) | April 5-6, 2024 | Scherr |
| Four Phantoms | Sunday, April 7, 2024 | Scherr |
| Bruce Hornsby and yMusic | Wednesday, April 10, 2024 | Kavli |
| Gina Chavez & Flor de Toloache | Thursday, April 18, 2024 | Scherr |
| Zakir Hussain: TISRA | Saturday, April 20, 2024 | Kavli |
| Brit Pack | Saturday, April 20, 2024 | Scherr |
| American Ballet Theatre Studio Co. | Sunday, April 21, 2024 | Kavli |
| Kathleen Madigan | Saturday, April 27, 2024 | Kavli |
| Gordon Goodwin's Big Phat Band | Saturday, April 27, 2024 | Scherr |
| Red Hot Chilli Pipers | Saturday, May 4, 2024 | Kavli |
| TOArts Trailblazer - Dr. Mireya Mayor | Friday, May 17, 2024 | Kavli |
| Mark Lettieri | Sunday, May 26, 2024 | Scherr |
| Sesame Street Live! [N] (2 perf.) | Sunday, June 9, 2024 | Kavli |