

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center)  
and Subsidiaries

Consolidated Financial Statements  
and  
Consolidating Information

Years Ended May 31, 2021 and 2020

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
CONSOLIDATING INFORMATION  
Years Ended May 31, 2021 and 2020

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## **Independent Auditor's Report**

To the Board of Directors  
The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries (the Center), which comprise the consolidated statement of financial position as of May 31, 2021, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 from 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 Center'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 Center'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 Center as of May 31, 2021, 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.

**Report on Comparative Information**

The consolidated statement of financial position as of May 31, 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended (collectively, the comparative information) have not been audited, reviewed, or compiled and, accordingly, we express no opinion on it.

**Other Matter**

Our audit of the consolidated financial statements as of and for the year ended May 31, 2021 was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information, except for that portion pertaining to the year ended May 31, 2020, marked "unaudited," has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked "unaudited," on which we express no opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

Boston, Massachusetts  
January 31, 2022

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Consolidated Statements of Financial Position  
May 31, 2021 and 2020

	2021	2020 (Unaudited)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,528,311	\$ 6,407,147
Accounts receivable for advance ticket sales	1,125,668	589,814
Prepaid expenses and other current assets	657,858	666,053
Contributions receivable, net	927,030	1,242,944
Investments, at fair value	16,158,035	13,513,360
Property and equipment, net	11,546,579	12,373,925
Investments in productions	11,091	12,731
<b>Total assets</b>	<b>\$ 33,954,572</b>	<b>\$ 34,805,974</b>
<b>LIABILITIES AND NET ASSETS</b>		
Line of credit	\$ 2,750,000	\$ 4,079,515
Accounts payable, accrued expenses and other liabilities	1,313,199	847,249
Unearned income	1,150,737	1,595,592
Deferred revenue for advance ticket sales	3,439,219	5,205,582
Paycheck Protection Program Loans payable	1,499,093	1,555,600
Note payable	1,409,273	-
<b>Total liabilities</b>	<b>11,561,521</b>	<b>13,283,538</b>
<b>Net assets:</b>		
Net assets without donor restrictions:		
General operations	5,073,031	7,058,755
Wang Endowment Fund	10,941,454	9,226,613
<b>Total net assets without donor restrictions</b>	<b>16,014,485</b>	<b>16,285,368</b>
Net assets with donor restrictions:	6,378,566	5,237,068
<b>Total net assets</b>	<b>22,393,051</b>	<b>21,522,436</b>
<b>Total liabilities and net assets</b>	<b>\$ 33,954,572</b>	<b>\$ 34,805,974</b>

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidated Statements of Activities  
Years Ended May 31, 2021 and 2020

	2021			2020 (Unaudited)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:						
Box office receipts	\$ -	\$ -	\$ -	\$ 10,368,270	\$ -	\$ 10,368,270
Theatre operations	115,079	-	115,079	7,505,915	-	7,505,915
Not-for-profit discounts	(12,678)	-	(12,678)	(142,486)	-	(142,486)
Total box office receipts and theatre operations, net of not-for-profit discounts	102,401	-	102,401	17,731,699	-	17,731,699
Sponsorships, net of commissions and fees	1,206,649	-	1,206,649	1,361,823	-	1,361,823
Contributions and special events	1,590,466	1,361,370	2,951,836	1,352,498	1,047,160	2,399,658
Write-off of uncollectible pledges	-	(89,500)	(89,500)	-	(21,551)	(21,551)
Investment return, net	2,200,841	1,103,334	3,304,175	405,219	215,599	620,818
Interest income	775	-	775	23,789	-	23,789
Net assets released from restrictions	1,233,706	(1,233,706)	-	1,988,067	(1,988,067)	-
Total operating revenues	6,334,838	1,141,498	7,476,336	22,863,095	(746,859)	22,116,236
Operating expenses:						
Theatre operations including third party share of box office receipts	4,179,272	-	4,179,272	21,122,243	-	21,122,243
Folk Americana Roots Hall of Fame	122,979	-	122,979	342,115	-	342,115
Education	306,060	-	306,060	667,044	-	667,044
ArtWeek	5,517	-	5,517	165,830	-	165,830
General and administrative	1,919,527	-	1,919,527	2,421,742	-	2,421,742
Fundraising	430,832	-	430,832	474,348	-	474,348
Total operating expenses	6,964,187	-	6,964,187	25,193,322	-	25,193,322
Change in net assets from operations	(629,349)	1,141,498	512,149	(2,330,227)	(746,859)	(3,077,086)
Nonoperating income:						
Change in carrying value of investments in productions	48,360	-	48,360	(880)	-	(880)
Employee retention credits	252,970	-	252,970	-	-	-
Gain on extinguishment of Paycheck Protection Program loan	57,136	-	57,136	-	-	-
Total nonoperating income	358,466	-	358,466	(880)	-	(880)
Change in net assets	(270,883)	1,141,498	870,615	(2,331,107)	(746,859)	(3,077,966)
Net assets, beginning of year	16,285,368	5,237,068	21,522,436	18,616,475	5,983,927	24,600,402
Net assets, end of year	\$ 16,014,485	\$ 6,378,566	\$ 22,393,051	\$ 16,285,368	\$ 5,237,068	\$ 21,522,436

See notes to 2021 consolidated financial statements.

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidated Statement of Functional Expenses  
Year Ended May 31, 2021

	Theatre Operations	Folk Americana Roots Hall of Fame	Education	ArtWeek	Total Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,098,118	\$ 69,505	\$ 276,517	\$ 4,977	\$ 1,449,117	\$ 1,299,000	\$ 374,756	\$ 3,122,873
Depreciation, depletion and amortization	1,290,414	11,286	-	-	1,301,700	11,662	-	1,313,362
Maintenance contracts and equipment rentals	243,207	-	-	-	243,207	190,481	-	433,688
Occupancy	405,185	-	-	-	405,185	20,920	-	426,105
Utilities	352,451	-	-	-	352,451	-	-	352,451
Professional fees	24,691	25,634	-	-	50,325	216,076	7,222	273,623
Insurance	186,774	-	-	-	186,774	41,033	-	227,807
Parking lot, net	194,877	-	-	-	194,877	-	-	194,877
Information technology	114,519	1,774	363	540	117,196	54,346	18,200	189,742
Security	165,706	-	-	-	165,706	-	-	165,706
Advertising and promotion	62,381	2,629	-	-	65,010	-	11,442	76,452
Interest expense	-	-	-	-	-	52,739	-	52,739
Office expenses and business fees	3,550	500	8,007	-	12,057	27,509	4,003	43,569
Other event and function production costs	31,687	-	451	-	32,138	-	-	32,138
Conferences, conventions and meetings	-	-	-	-	-	4,641	15,209	19,850
Artist fees	-	-	20,571	-	20,571	-	-	20,571
Exhibit expense	-	11,651	-	-	11,651	-	-	11,651
Hardware and janitorial supplies	5,038	-	-	-	5,038	-	-	5,038
Travel	300	-	-	-	300	1,120	-	1,420
Credit card and ticket processing fees	374	-	-	-	374	-	-	374
Catering and concession expenses	-	-	151	-	151	-	-	151
<b>Total expenses</b>	<b>\$ 4,179,272</b>	<b>\$ 122,979</b>	<b>\$ 306,060</b>	<b>\$ 5,517</b>	<b>\$ 4,613,828</b>	<b>\$ 1,919,527</b>	<b>\$ 430,832</b>	<b>\$ 6,964,187</b>

See notes to 2021 consolidated financial statements.

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidated Statement of Functional Expenses  
Year Ended May 31, 2020 (Unaudited)

	Theatre Operations	Folk Americana Roots Hall of Fame	Education	ArtWeek	Total Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 4,615,340	\$ 124,411	\$ 404,587	\$ 140,079	\$ 5,284,417	\$ 1,642,473	\$ 315,283	\$ 7,242,173
Third party share of box office receipts	5,899,465	-	-	-	5,899,465	-	-	5,899,465
Artist fees	2,419,485	-	197,225	-	2,616,710	-	-	2,616,710
Advertising and promotion	2,256,349	42,664	3,824	91	2,302,928	-	1,295	2,304,223
Depreciation, depletion and amortization	1,320,740	8,885	-	-	1,329,625	11,662	-	1,341,287
Maintenance contracts and equipment rentals	801,108	-	500	-	801,608	252,793	-	1,054,401
Credit card and ticket processing fees	863,584	12	-	-	863,596	-	-	863,596
Other event and function production costs	686,525	-	15,398	-	701,923	-	-	701,923
Security	525,432	8,099	5,328	-	538,859	-	-	538,859
Utilities	455,457	-	-	-	455,457	-	-	455,457
Occupancy	396,518	-	-	-	396,518	20,468	-	416,986
Professional fees	54,340	97,844	-	8,168	160,352	166,741	6,727	333,820
Information technology	149,470	5,735	642	13,741	169,588	62,112	72,019	303,719
Insurance	253,092	227	-	-	253,319	44,551	-	297,870
Catering and concession expenses	207,956	-	14,808	-	222,764	-	-	222,764
Parking lot	132,554	-	-	-	132,554	-	-	132,554
Conferences, conventions and meetings	-	3,615	1,508	937	6,060	24,668	74,441	105,169
Office expenses and business fees	8,092	8,326	9,510	-	25,928	58,167	4,404	88,499
Hardware and janitorial supplies	76,736	2,335	-	-	79,071	-	-	79,071
Interest expense	-	-	-	-	-	76,715	-	76,715
Travel	-	-	13,714	2,814	16,528	23,263	179	39,970
Exhibit expense	-	39,962	-	-	39,962	-	-	39,962
Loss on disposal of fixed assets	-	-	-	-	-	38,129	-	38,129
<b>Total expenses</b>	<b>\$ 21,122,243</b>	<b>\$ 342,115</b>	<b>\$ 667,044</b>	<b>\$ 165,830</b>	<b>\$ 22,297,232</b>	<b>\$ 2,421,742</b>	<b>\$ 474,348</b>	<b>\$ 25,193,322</b>



# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Consolidated Statements of Cash Flows  
Years Ended May 31, 2021 and 2020

	2021	2020 (Unaudited)
Cash flows from operating activities:		
Change in net assets	\$ 870,615	\$ (3,077,966)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,313,362	1,341,287
Loss on disposal of fixed assets	-	38,129
Gain on extinguishment of Paycheck Protection Program Loan	(56,507)	-
Net realized and unrealized gains on investments	(3,177,720)	(392,221)
Change in carrying value of investments in productions	(48,360)	880
Changes in:		
Accounts receivable for advance ticket sales	(535,854)	596,790
Prepaid expenses and other current assets	8,195	(45,210)
Contributions receivable, net	315,914	776,835
Accounts payable, accrued expenses and other liabilities	465,950	(456,161)
Unearned income	(444,855)	40,208
Deferred revenue for advance ticket sales	(1,766,363)	922,160
Net cash used in operating activities	(3,055,623)	(255,269)
Cash flows from investing activities:		
Purchases of property and equipment	(486,016)	(825,821)
Purchases of investments	(126,455)	(229,124)
Proceeds from sales of investments	659,500	490,063
Distributions from investments in productions	50,000	1,125
Net cash provided by (used in) investing activities	97,029	(563,757)
Cash flows from financing activities:		
Proceeds from line of credit	750,000	1,150,000
Repayments on line of credit	(2,079,515)	-
Proceeds from Paycheck Protection Program Loans payable	-	1,555,600
Proceeds from note payable	1,800,000	-
Repayments on note payable	(390,727)	-
Net cash provided by financing activities	79,758	2,705,600
Change in cash and cash equivalents	(2,878,836)	1,886,574
Cash and cash equivalents, beginning of year	6,407,147	4,520,573
Cash and cash equivalents, end of year	\$ 3,528,311	\$ 6,407,147
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 52,739	\$ 76,715

See notes to 2021 consolidated financial statements.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 1. ORGANIZATION

The Wang Center for the Performing Arts, Inc. d/b/a Boch Center is a not-for-profit organization located in Boston, Massachusetts. Boch Center is the parent organization of Wang Theatre, Inc., Tremont Theatre, Inc. and Wang Center Productions, Inc. Boch Center and these not-for-profit subsidiaries are collectively referred to hereafter as “the Center”. The Center’s accompanying consolidated financial statements are presented on the accrual basis of accounting and include the financial statements of Boch Center and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The Center operates the Wang and Shubert Theatres for the purpose of presenting performing arts and cultural attractions from around the world. The Center strives to educate and promote a greater appreciation for the performing arts as an essential component to the fabric of our society. The Center provides community outreach, public programming and free educational programs that include the City Spotlights Teen Leadership Program, a summer youth internship program, and the Folk Americana Roots Hall of Fame located within the Wang Theatre.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Classification and Reporting of Net Assets

The Center’s consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC or the Codification) 958 *Financial Statements of Not-for-Profit Organizations*. Under this guidance, the Center 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. A description of the two net asset classes follows:

- Net assets without donor restrictions represent the portion of net assets of the Center that is not restricted by donor-imposed stipulations. Net assets without donor restrictions include a board-designated endowment fund (the “Wang Endowment Fund”). These funds are available for general operating expenditures upon approval by the Board of Directors.
- Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Center pursuant to those stipulations.

The Center follows the *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* guidance of the Codification. This pronouncement provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Revenues

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customer (Topic 606)*, which requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. The five-step model required for recognizing revenue from contracts with customers is as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASC Topic 606 may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized in the date of initial application (modified retrospective). On June 1, 2020, the Center adopted ASC Topic 606 under the modified retrospective approach. The Center determined that the adoption of ASC Topic 606 did not result in an adjustment to net assets and did not have a significant effect on the amount and timing of revenue recognition for the year ended May 31, 2021.

The Center derives exchange revenue from box office receipts, theatre operations and sponsorships. The Center's products and services are marketed and sold to the Center's visitors and prospective visitors.

*Box office receipts:* The Center records revenue for box office receipts when a performance occurs. Tickets purchased for future dates are recorded as a liability until the performance takes place.

*Theatre operations:* The Center provides physical space for customers to rent and hold events. The Center records revenue from event rentals when the event occurs. Event deposits collected in advance are recognized as a liability and are reported as revenue when the event takes place.

*Sponsorships:* The Center records sponsorship income on a straight-line basis over the term of the sponsorship agreement. The timing of revenue recognition is based on a time-measure of progress as the Center satisfies its performance obligations under the sponsorship agreement evenly over the course of the agreement.

Total revenue recognized in accordance with ASC 606 at a point in time and over time was as follows for the year ended May 31, 2021:

Box office receipts	\$ -
Theatre operations	115,079
Total revenue recognized at a point in time	<u>115,079</u>
 Sponsorships, net of commissions and fees	 1,206,649
Total revenue recognized over time	<u>1,206,649</u>
	<u>\$ 1,321,728</u>

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Contributions

Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. As of May 31, 2021, contributions to be received after one year were discounted using rates ranging from 1.8% - 3.7%. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history and the type of contribution.

Contributions received with donor-imposed restrictions are reported as revenues with donor restrictions and released to net assets without donor restrictions upon expiration of such restrictions. Contributions received with donor-imposed time or purpose restrictions that are met in the same year as received are reported as revenues of net assets without donor restrictions.

### Investments, Investment Income and Appreciation, and Spending Policy

The Center has adopted investment and spending policies that attempt to grow the fair value of assets net of inflation, normal spending rate, administrative and investment expenses over the long-term without undue exposure to risk in accordance with the Center's investment policies. To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Absolute return investments, which can invest across a range of asset classes with greater flexibility (i.e., short selling, leverage, etc.) and have less liquidity than equity or fixed income securities, are used to provide long term growth at a level consistent with the overall investment objective for assets, with lower volatility, a lower correlation to traditional asset classes and diversification benefits. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Other asset classes may be included to provide diversification and incremental return.

The Center's endowment assets could include those assets of donor-restricted funds that the Center must hold in perpetuity, as well as board designated funds. The Center does not have donor-restricted funds that are required to be held in perpetuity.

Each year, at the discretion of the Finance Committee and as determined in the annual operating budget, 3-5% of the average fair value of the endowed investment portfolio for each of the preceding twelve quarters is appropriated for operations in accordance with the Center's investment policies and procedures. During the year ended May 31, 2021, the Finance Committee appropriated for operations \$486,000.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Operations

Operating revenues and expenses consist of those items attributable to the Center's theatre activities and contributions without donor restrictions. Non-operating items include the change in carrying value of investments in productions, employee retention credits and the gain on extinguishment of Paycheck Protection Program loan.

### Naming Rights Agreement with Boston Port Service, Inc.

Effective November 1, 2016, the Center entered into a multi-year naming rights agreement with Boston Port Service, Inc. Annual payments to the Center are \$1,200,000 of which \$200,000 is a contribution. The initial term of the agreement concludes on October 31, 2026 with two five-year renewal options which can be extended at the option of Boston Port Service, Inc. In accordance with this agreement, quarterly payments are provided to the Center in exchange for sponsorship activities including renaming the Center as the Boch Center. The quarterly payments are recognized under a straight-line policy over each year of the contract term. For the year ended May 31, 2021, the Center recognized sponsorship revenue from this agreement in the amount of \$1,000,000.

### Cash Equivalents

Highly liquid short-term investments with an initial maturity of three months or less when purchased are recognized as cash equivalents and are recorded at cost, which approximates fair value. Cash equivalents held in the investment portfolio are included in investments at fair value.

### Concentrations of Credit Risk

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

### Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by reviewing the age of the receivable and based on collection history. There was no allowance for doubtful accounts as of May 31, 2021. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received.

### Investments in Productions

Investments in productions are initially recorded in the amount of the investment made by the Center, and subsequently increased for contributions made and equity in earnings, and decreased for distributions received and equity in losses. The balance as of May 31, 2021 represents equity investments in unrelated production companies. The Center's interest in the earnings and losses in these investments are recorded in the consolidated statement of activities as non-operating gains or losses.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value as of the date of the gift. The cost of maintenance and repairs is charged to expense as incurred and significant renewals and betterments are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the asset. The cost and related accumulated depreciation and amortization of assets replaced, retired or disposed of are eliminated from property and equipment accounts, and any gains or losses are reflected in general and administrative expenses.

### Fair Value Measurements

The Center follows the *Fair Value Measurements* guidance of the Codification. Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Center uses various methods including market, income and cost approaches. Based on these approaches, the Center often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Center utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Center is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Center has various processes and controls in place to ensure that fair value is reasonably estimated. While the Center 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 estimate of fair value at the reporting date.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Fair Value Measurements...continued

During the year ended May 31, 2021, there were no changes to the Center's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

#### Investments

Investments in debt and equity securities are recorded at fair value, based on published market prices, if available, and realized and unrealized gains and losses are reflected in the consolidated statement of activities. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

#### Mutual Funds

Mutual funds are either valued at the published net asset values or quoted market prices for identical assets provided by the fund manager. Mutual fund investments valued at the published net asset value are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

#### Unearned Income

Unearned income includes advances for corporate sponsorships, memberships, functions, attraction rent and various ticket fee and commission income.

#### Deferred Revenue for Advance Ticket Sales

Deferred revenue for advance ticket sales represents payments received for tickets for future events.

#### Advertising

Advertising costs are incurred to promote performances and are included in theatre operations including third party share of box office receipts on the consolidated statement of activities. The Center incurred advertising costs in the amount of \$68,300 for the year ended May 31, 2021.

#### Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Center captures direct costs when possible, and allocates salaries and benefits based on time spent estimates and labor percentages.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Use of Estimates

The preparation of financial statements in accordance 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. On an ongoing basis, management reviews its estimates related to the allowance for doubtful accounts, deferred revenues, and certain accruals based on current available information.

### Tax Status

Boch Center and its subsidiaries are not-for-profit organizations as described under Internal Revenue Code ("IRC Code") Section 501(c)(3) that are generally exempt from federal and state income taxes under IRC Code Section 501(a) and are also exempt from private foundation status under IRC Code Sections 509(a)(1) and 509(a)(3), respectively.

The Center has implemented the guidance for income taxes in accordance with ASC Topic 740 as it relates to *Accounting for Income Taxes*, which clarifies the treatment of the Center's position of accounting for income taxes recognized in the financial statements. The guidance also prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in the tax return. In addition, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties, if any, would be included in income tax expense. The Center has identified no uncertain tax positions as of May 31, 2021.

With few exceptions, the Center is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years before 2018.

### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The Center is currently evaluating the effect that the updated standard will have on the consolidated financial statements.



# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Recently Issued Accounting Pronouncements...continued

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Center is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional guidance intended to ease the burden of reference rate reform on financial reporting. The ASU applies to all entities that have contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate that is expected to be discontinued. The ASU was effective upon its issuance on March 12, 2020. However, it cannot be applied to contract modifications that occur after December 31, 2022. The guidance provides optional expedients and exceptions for applying existing guidance to contract modifications, hedging relationships and other transactions that are expected to be affected by reference rate reform and meet certain scope guidance. This ASU was adopted during the year ended May 31, 2021, and did not have a material effect on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods with annual periods beginning after June 15, 2022. Early adoption is permitted. The Center is currently evaluating the impact of its pending adoption of the new standard on the consolidated financial statements.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 3. INVESTMENTS

The following table summarizes the valuation of the Center's investments by the fair value hierarchy levels as of May 31, 2021:

Description	Fair Value Measurements at Reporting Date Using				Total
	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)		
Cash and cash equivalents	\$ 372,356	\$ -	\$ -	\$	372,356
Mutual funds	942,935	-	-	-	942,935
Fixed income:					
Developed international bonds	198,661	-	-	-	198,661
Government bonds	2,032,599	-	-	-	2,032,599
Corporate bonds	2,530,282	-	-	-	2,530,282
Equities:					
Developed international equities	1,172,152	-	-	-	1,172,152
Emerging markets equities	370,834	-	-	-	370,834
U.S. large capitalization equities	8,061,284	-	-	-	8,061,284
U.S. small capitalization equities	<u>476,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,932</u>
	<u>\$ 16,158,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>16,158,035</u>

Investment return consisted of the following for the year ended May 31, 2021:

Interest and dividends	\$ 192,584
Net realized and unrealized gains	3,177,720
Management fees	<u>(66,129)</u>
Investment return	<u>\$ 3,304,175</u>

## 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of May 31, 2021:

Amounts due within one year	\$ 861,995
Amounts due from one to five years	<u>95,000</u>
	956,995
Less - allowance for uncollectable contributions receivable	(25,000)
Less - present value discount	<u>(4,965)</u>
	<u>\$ 927,030</u>

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of May 31, 2021:

	<u>Estimated Useful Life</u>	
Leasehold improvements	7-40 years	\$ 36,959,625
Office furniture and equipment	5-10 years	542,252
Theatre and concession equipment	5-12 years	1,983,432
Computer software and equipment	3-10 years	1,753,970
Construction in progress		<u>383,311</u>
		41,622,590
Less - accumulated depreciation and amortization		<u>(30,076,011)</u>
		<u>\$ 11,546,579</u>

Depreciation and amortization charged to operations totaled \$1,313,362 for the year ended May 31, 2021.

Construction in progress as of May 31, 2021 of \$383,311 includes various theatre renovation projects expected to be completed during fiscal year 2022 with total expected costs to complete of approximately \$1,700,000.

## 6. LINE OF CREDIT

On August 9, 2018, the Center obtained a line of credit with First Republic Bank that provides for maximum borrowings of \$6,000,000. The line of credit was automatically renewed for one year until July 15, 2022. The line of credit is collateralized by a first security interest in a portion of the Center's investments and accrued interest at LIBOR plus .50% subject to a floor rate of 1.0%. In May 2021, the line of credit agreement was modified to accrue interest at the 12-month average treasury index plus .50% subject to a floor rate of 1.0%. As of May 31, 2021, the Center had outstanding borrowings of \$2,750,000 on this line of credit at an interest rate in effect of 1%. Interest expense on the line of credit for the year ended May 31, 2021 totaled \$28,916.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 7. PAYCHECK PROTECTION PROGRAM LOANS PAYABLE

On April 14, 2020, the Center received proceeds from CRF Small Business Loan Company, LLC (CRF) totaling \$1,555,600 (The Wang Center for the Performing Arts, Inc. \$913,200, Wang Theatre, Inc \$454,300 and Tremont Theatre, Inc. \$188,100) pursuant to the Paycheck Protection Program (PPP Loans) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020. These PPP Loans, which were in the form of separate Notes dated April 14, 2020, originally maturing on April 14, 2022 and bore interest at a rate of 1% per annum and had deferred payments of principal and interest until the date of determination of potential forgiveness in accordance with the CARES Act. The notes may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the PPP Loans could only be used for payroll costs, to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP Loans, certain amounts of the PPP Loans could be forgiven if they are used for qualifying expenses as described in the CARES Act. The Center has elected to account for this loan as debt under FASB ASC 470. On May 25, 2021, the U.S. Small Business Administration (SBA) approved forgiveness of \$57,136 (of which \$56,507 was applied against principal and \$629 was applied against accrued interest) for Tremont Theatre, Inc. and the remaining principal balance of \$131,593 was converted to a five-year term loan at 1% interest with monthly payments of principal and interest which matures on May 1, 2026. All amounts of gain on extinguishment of Paycheck Protection Program loan have been reported as nonoperating income in the consolidated statement of activities. Subsequent to year-end, on July 20, 2021, the SBA approved forgiveness of \$157,767 (of which \$155,795 was applied against principal and \$1,972 was applied against accrued interest) for Wang Theatre, Inc. and the remaining principal balance of \$298,505 was converted to a five-year term loan at 1% interest with monthly payments of principal and interest which matures on April 14, 2025. Subsequent to year-end, on July 9, 2021, the SBA approved forgiveness of the entire principal balance of the PPP loan totaling \$913,200 for The Wang Center for the Performing Arts, Inc.

Future maturities of unforgiven PPP loans for the next five years and thereafter are as follows:

2022	\$ 84,309
2023	85,156
2024	86,011
2025	86,875
2026	<u>87,747</u>
	<u>\$ 430,098</u>

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 8. NOTE PAYABLE

On October 1, 2020, the Center entered into a note payable agreement with Boston Port Service in the original amount of \$1,800,000 which was secured by the existing Naming Rights agreement and accrued interest at the rate of 2% per annum through October 2023. As of May 31, 2021, the outstanding balance of the note payable was \$1,409,273. Interest expense on the note payable for the year ended May 31, 2021 totaled \$21,726. Subsequent to year-end, on June 28, 2021, the Center repaid the outstanding principal balance on the note payable.

## 9. EMPLOYEE RETENTION CREDITS

During the year ended May 31, 2021, the Center determined it was eligible to participate in the Employee Retention Credit (ERC) program based on changes made by Taxpayer Certainty and Disaster Relief Act (Relief Act) enacted on December 27, 2020. The Relief Act amended and extended the employee retention credit (and the availability of certain advance payments of the tax credits) under section 2301 of the CARES Act for the first and second quarters of 2021. The Center has received \$252,970 in revenue from the ERC. Subsequent to year-end, the Center received \$140,003 in revenue from the ERC.

## 10. BOARD DESIGNATED NET ASSETS

Changes in board designated net assets:

	Wang Endowment Fund
Board designated net assets as of June 1, 2020	<u>\$ 9,226,613</u>
Investment return:	
Investment income, net of management fees	84,545
Net realized and unrealized gain on investment	<u>2,116,296</u>
Total gain on investment	<u>2,200,841</u>
Appropriation for expenditures	<u>(486,000)</u>
Board designated net assets as of May 31, 2021	<u>\$ 10,941,454</u>

Endowment funds are held in investments and are subject to a spending rate policy as directed by the Board of Directors and are available for operations (see Note 2).

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of May 31, 2021:

Time restrictions	\$ 356,535
Purpose restrictions	
The Walter Suskind Memorial Fund	5,177,761
Facilities	<u>844,270</u>
	<u>\$ 6,378,566</u>

The Walter Suskind Memorial Fund was established to support the activities and outreach programs of the Center's education department. Contributions received are classified as net assets with donor restrictions to either education department programs or to the Suskind Fund based on donor-imposed restrictions. The Center's Investment Committee is authorized to expend the Suskind Fund's income and principal in support of the Center's education department programs, in accordance with the Center's policy.

Net assets released consisted of the following for the year ended May 31, 2021:

Education releases	\$ 306,060
Facilities releases	347,396
Ghost Light Series releases	5,000
Folk Americana Roots Hall of Fame releases	10,000
Expiration of time restriction releases	<u>565,250</u>
	<u>\$ 1,233,706</u>

## 12. COMMITMENTS AND CONTINGENCIES

### Commitments

A description of the Center's theatre leases and operating agreements is as follows:

#### Wang Theatre

The Wang Theatre lease was executed on June 1, 1983 and was set to expire on June 30, 2019, with the right to extend the term of the lease for an additional 40 years. On October 16, 2018, the Center exercised its right to extend the term of the lease for a period of 40 years until June 30, 2059. Under the lease, the annual basic rent for the Wang Theatre is the greater of (a) \$50,000 with certain defined cost-of-living adjustments commencing in fiscal 1987, or (b) in respect to each day, during the next preceding lease year during which there was one or more performances: \$200 per performance, if such performance was noncommercial and \$275 per performance, if such performance was commercial, subject to specified adjustments, or (c) an amount equal to 6% of the first \$1,000,000 of gross rental revenues, as defined by the lease agreement, during the next preceding lease year, and 7% of gross rental revenues in excess of \$1,000,000 during the next preceding lease year. In addition, the terms of the lease require Wang Theatre, Inc. to pay real estate taxes levied and other expenses related to the premises.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 12. COMMITMENTS AND CONTINGENCIES...continued

### Commitments...continued

#### Shubert Theatre

The Shubert Theatre lease was executed on June 19, 1996 and was scheduled to expire on August 31, 2016, with the right to extend the term of the lease for two consecutive ten-year periods. On December 19, 2014, the Center exercised the right to extend the lease term for the first ten-year period with a new expiration date of August 31, 2026. The annual base rent is \$52,000 per year plus \$200 per performance. Consumer Price Index adjustments have been computed for lease years five and forward. In addition, Tremont Theatre, Inc. is obligated to pay all personal property and real estate taxes levied, as well as all other expenses related to the premises (unless expressly excepted).

Total estimated commitments for operating leases for the Wang and Shubert Theatres, the Shubert parking lot and various office space and equipment are as follows for the years ending May 31:

2022	\$ 376,816
2023	275,370
2024	268,340
2025	267,804
2026	267,804
Thereafter	<u>6,342,189</u>
	<u>\$ 7,798,323</u>

The Center leases the Wang Theatre, the Shubert Theatre, the Shubert Theatre parking lot, and various office space and equipment. Total rent expense was \$478,475 for the year ended May 31, 2021, of which \$237,484 was accrued at May 31, 2021. Lease and operating agreement payments totaling \$240,991 were made during the year ended May 31, 2021.

#### Contingencies

As of May 31, 2021, the Center has certain presentation and booking agreements with various entertainment production and booking companies. There is the potential for either an increase or decrease in net assets based on the results of these presentations. The expenses related to these agreements are included in theatre operations.

In the ordinary course of business, the Center may experience disputes with vendors and other parties and may, if necessary, accrue amounts which it estimates to be sufficient to cover claims that may arise from such disputes, based upon the Center's interpretation of the issues. Should the Center not prevail in any dispute under its interpretations, additional costs would be accrued.

# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements  
Year Ended May 31, 2021

## 13. RETIREMENT PLANS

The Center sponsors a retirement plan ("The Wang Center for the Performing Arts, Inc. 401(k) Plan") under Section 401(k) of the IRC Code. The plan provided for a 3% discretionary matching contribution, a discretionary lump-sum contribution and a graduated vesting schedule with participants becoming 100% vested after five years of service. Effective January 1, 2019, the plan was amended to a safe harbor matching arrangement which requires a 100% employer match up to 3% and a 50% match for the next 2% contributed to the plan with immediate vesting. The Center contributed \$81,179 in accordance with the matching provisions declared for the year ended May 31, 2021. During the year ended May 31, 2021, \$17,301 of the matching provisions were funded by forfeitures within the plan. The Center did not make a lump-sum contribution for the year ended May 31, 2021. Any discretionary lump-sum contributions would be distributed using a formula based upon salary levels.

## 14. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of May 31, 2021, financial assets available within one year for general expenditure, such as operating expenses, interest payments on the line of credit, and purchases of property and equipment, were as follows:

Cash and cash equivalents	\$ 3,528,311
Current portion of contributions receivable	861,995
Accounts receivable for advance ticket sales	1,125,668
Other accounts receivable	229,566
Investments	
Fiscal year 2022 endowment appropriation under spending policy	<u>389,000</u>
Total financial assets available within one year	<u>\$ 6,134,540</u>

To manage liquidity, the Center maintains a line of credit with a total available facility of \$6,000,000 which is available as needed during the year to manage cash flows. As of May 31, 2021, the Center had \$2,750,000 outstanding on the line. Subsequent to year end, the Center repaid the entire outstanding line of credit balance.

In addition, the Center maintains the Wang Endowment Fund, totaling \$10,941,454 as of May 31, 2021. Although the Center does not intend to spend from this board designated endowment fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the Wang Endowment Fund could be utilized for liquidity purposes if necessary.

## 15. UNCERTAINTY

In 2020, the global pandemic created substantial volatility in the financial markets and the economy, including the geographic areas in which the Center operates. While the Center has mitigated the financial impact on its business, it is unknown how long these conditions will last. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are uncertain.



# The Wang Center for the Performing Arts, Inc. (d/b/a Boch Center) and Subsidiaries

Notes to Consolidated Financial Statements

Year Ended May 31, 2021

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## **16. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 31, 2022, the date the financial statements were available to be issued.

Subsequent to year-end, on June 28, 2021, the Center repaid the outstanding principal balance on the note payable.

Subsequent to year-end, on July 20, 2021, the SBA approved forgiveness of \$157,767 (of which \$155,795 was applied against principal and \$1,972 was applied against accrued interest) for Wang Theatre, Inc. and the remaining principal balance of \$298,505 was converted to a five-year term loan at 1% interest with monthly payments of principal and interest which matures on April 14, 2025. Subsequent to year-end, on July 9, 2021, the SBA approved forgiveness of the entire principal balance of the PPP loan totaling \$913,200 for The Wang Center for the Performing Arts, Inc.

Subsequent to year-end, the Center received \$140,003 in revenue from the ERC.

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## CONSOLIDATING INFORMATION

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The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidating Schedule of Financial Position  
May 31, 2021

	Boch Center	Wang Theatre, Inc.	Tremont Theatre, Inc.	Wang Center Productions, Inc.	Total Operations	Eliminating Entries	Consolidated Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,036,901	\$ 75,429	\$ 38,532	\$ 6,039	\$ 1,156,901	\$ -	\$ 1,156,901
Cash and cash equivalents for advanced ticket sales	-	2,292,869	78,541	-	2,371,410	-	2,371,410
Total cash and cash equivalents	1,036,901	2,368,298	117,073	6,039	3,528,311	-	3,528,311
Accounts receivable for advance ticket sales	-	1,125,668	-	-	1,125,668	-	1,125,668
Prepaid expenses and other current assets	223,810	384,628	49,420	-	657,858	-	657,858
Contributions receivable, net	927,030	-	-	-	927,030	-	927,030
Investments, at fair value	16,158,035	-	-	-	16,158,035	-	16,158,035
Property and equipment, net	570,335	7,443,199	3,533,045	-	11,546,579	-	11,546,579
Due from (to) related parties	18,645,221	(12,230,382)	(6,089,312)	(325,527)	-	-	-
Investments in productions	-	-	-	11,091	11,091	-	11,091
Total assets	<u>\$ 37,561,332</u>	<u>\$ (908,589)</u>	<u>\$ (2,389,774)</u>	<u>\$ (308,397)</u>	<u>\$ 33,954,572</u>	<u>\$ -</u>	<u>\$ 33,954,572</u>
<b>LIABILITIES AND NET ASSETS</b>							
Line of credit	\$ 2,750,000	\$ -	\$ -	\$ -	\$ 2,750,000	\$ -	\$ 2,750,000
Accounts payable, accrued expenses and other liabilities	721,607	296,657	289,243	5,692	1,313,199	-	1,313,199
Unearned income	216,092	881,088	53,557	-	1,150,737	-	1,150,737
Deferred revenue for advance ticket sales	-	3,361,112	78,107	-	3,439,219	-	3,439,219
Paycheck Protection Program loans payable	913,200	454,300	131,593	-	1,499,093	-	1,499,093
Note payable	1,409,273	-	-	-	1,409,273	-	1,409,273
Total liabilities	<u>6,010,172</u>	<u>4,993,157</u>	<u>552,500</u>	<u>5,692</u>	<u>11,561,521</u>	<u>-</u>	<u>11,561,521</u>
Net assets:							
Net assets without donor restrictions:							
General operations	14,231,140	(5,901,746)	(2,942,274)	(314,089)	5,073,031	-	5,073,031
Wang Endowment Fund	10,941,454	-	-	-	10,941,454	-	10,941,454
Total net assets (deficit) without donor restrictions	25,172,594	(5,901,746)	(2,942,274)	(314,089)	16,014,485	-	16,014,485
Net assets with donor restrictions:	6,378,566	-	-	-	6,378,566	-	6,378,566
Total net assets (deficit)	<u>31,551,160</u>	<u>(5,901,746)</u>	<u>(2,942,274)</u>	<u>(314,089)</u>	<u>22,393,051</u>	<u>-</u>	<u>22,393,051</u>
Total liabilities and net assets	<u>\$ 37,561,332</u>	<u>\$ (908,589)</u>	<u>\$ (2,389,774)</u>	<u>\$ (308,397)</u>	<u>\$ 33,954,572</u>	<u>\$ -</u>	<u>\$ 33,954,572</u>

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidating Schedule of Activities  
Year Ended May 31, 2021

	Boch Center			Wang Theatre, Inc.	Tremont Theatre, Inc.	Wang Center Productions, Inc.	Total Operations	Eliminating Entries	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions	Total						
Operating revenues:									
Theatre operations	\$ 1,163,814	\$ -	\$ 1,163,814	\$ 241,053	\$ 851	\$ -	\$ 1,405,718	\$ (1,290,639)	\$ 115,079
Not-for-profit discounts	-	-	-	(12,678)	-	-	(12,678)	-	(12,678)
Total box office receipts and theatre operations, net of not-for-profit discounts	1,163,814	-	1,163,814	228,375	851	-	1,393,040	(1,290,639)	102,401
Sponsorships, net	1,001,215	-	1,001,215	137,062	68,372	-	1,206,649	-	1,206,649
Contributions and special events	1,590,466	1,361,370	2,951,836	-	-	-	2,951,836	-	2,951,836
Write-off of uncollectible pledges	-	(89,500)	(89,500)	-	-	-	(89,500)	-	(89,500)
Investment return, net	2,200,841	1,103,334	3,304,175	-	-	-	3,304,175	-	3,304,175
Interest income	344	-	344	431	-	-	775	-	775
Net assets released from restrictions	1,233,706	(1,233,706)	-	-	-	-	-	-	-
Total operating revenues	7,190,386	1,141,498	8,331,884	365,868	69,223	-	8,766,975	(1,290,639)	7,476,336
Operating expenses:									
Theatre operations including third party share of box office receipts	142,529	-	142,529	3,321,563	936,417	4,637	4,405,146	(225,874)	4,179,272
Folk Americana Roots Hall of Fame	122,979	-	122,979	-	-	-	122,979	-	122,979
Education	306,060	-	306,060	-	-	-	306,060	-	306,060
ArtWeek	5,517	-	5,517	-	-	-	5,517	-	5,517
General and administrative	1,844,129	-	1,844,129	646,571	475,372	18,220	2,984,292	(1,064,765)	1,919,527
Fundraising	430,832	-	430,832	-	-	-	430,832	-	430,832
Total operating expenses	2,852,046	-	2,852,046	3,968,134	1,411,789	22,857	8,254,826	(1,290,639)	6,964,187
Change in net assets from operations	4,338,340	1,141,498	5,479,838	(3,602,266)	(1,342,566)	(22,857)	512,149	-	512,149
Nonoperating income:									
Change in carrying value of investments in productions	-	-	-	-	-	48,360	48,360	-	48,360
Employee retention credits	252,970	-	252,970	-	-	-	252,970	-	252,970
Gain on extinguishment of Paycheck Protection Program loan	-	-	-	-	57,136	-	57,136	-	57,136
Total nonoperating income	252,970	-	252,970	-	57,136	48,360	358,466	-	358,466
Change in net assets	4,591,310	1,141,498	5,732,808	(3,602,266)	(1,285,430)	25,503	870,615	-	870,615
Net assets (deficit), beginning of year	20,581,284	5,237,068	25,818,352	(2,299,480)	(1,656,844)	(339,592)	21,522,436	-	21,522,436
Net assets (deficit), end of year	\$ 25,172,594	\$ 6,378,566	\$ 31,551,160	\$ (5,901,746)	\$ (2,942,274)	\$ (314,089)	\$ 22,393,051	\$ -	\$ 22,393,051

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidating Schedule of Financial Position  
May 31, 2020 (Unaudited)

	Boch Center	Wang Theatre, Inc.	Tremont Theatre, Inc.	Wang Center Productions, Inc.	Total Operations	Eliminating Entries	Consolidated Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,530,115	\$ 137,207	\$ 38,129	\$ 6,054	\$ 1,711,505	\$ -	\$ 1,711,505
Cash and cash equivalents for advanced ticket sales	-	4,580,395	115,247	-	4,695,642	-	4,695,642
Total cash and cash equivalents	1,530,115	4,717,602	153,376	6,054	6,407,147	-	6,407,147
Accounts receivable for advance ticket sales	-	589,814	-	-	589,814	-	589,814
Prepaid expenses and other current assets	123,061	509,209	33,783	-	666,053	-	666,053
Contributions receivable, net	1,242,944	-	-	-	1,242,944	-	1,242,944
Investments, at fair value	13,513,360	-	-	-	13,513,360	-	13,513,360
Property and equipment, net	678,526	7,853,905	3,841,494	-	12,373,925	-	12,373,925
Due from (to) related parties	14,473,792	(8,857,139)	(5,260,626)	(356,027)	-	-	-
Investments in productions	-	-	-	12,731	12,731	-	12,731
Total assets	\$ 31,561,798	\$ 4,813,391	\$ (1,231,973)	\$ (337,242)	\$ 34,805,974	\$ -	\$ 34,805,974
<b>LIABILITIES AND NET ASSETS</b>							
Line of credit	\$ 4,079,515	\$ -	\$ -	\$ -	\$ 4,079,515	\$ -	\$ 4,079,515
Accounts payable, accrued expenses and other liabilities	530,781	270,985	43,133	2,350	847,249	-	847,249
Unearned income	219,950	1,294,570	81,072	-	1,595,592	-	1,595,592
Deferred revenue for advance ticket sales	-	5,093,016	112,566	-	5,205,582	-	5,205,582
Paycheck Protection Program loans payable	913,200	454,300	188,100	-	1,555,600	-	1,555,600
Note payable	-	-	-	-	-	-	-
Total liabilities	5,743,446	7,112,871	424,871	2,350	13,283,538	-	13,283,538
Net assets:							
Net assets without donor restrictions:							
General operations	11,354,671	(2,299,480)	(1,656,844)	(339,592)	7,058,755	-	7,058,755
Wang Endowment Fund	9,226,613	-	-	-	9,226,613	-	9,226,613
Total net assets (deficit) without donor restrictions	20,581,284	(2,299,480)	(1,656,844)	(339,592)	16,285,368	-	16,285,368
Net assets with donor restrictions:	5,237,068	-	-	-	5,237,068	-	5,237,068
Total net assets (deficit)	25,818,352	(2,299,480)	(1,656,844)	(339,592)	21,522,436	-	21,522,436
Total liabilities and net assets	\$ 31,561,798	\$ 4,813,391	\$ (1,231,973)	\$ (337,242)	\$ 34,805,974	\$ -	\$ 34,805,974

The Wang Center for the Performing Arts, Inc.  
(d/b/a Boch Center) and Subsidiaries

Consolidating Schedule of Activities  
Year Ended May 31, 2020 (Unaudited)

	Boch Center			Wang Theatre, Inc.	Tremont Theatre, Inc.	Wang Center Productions, Inc.	Total Operations	Eliminating Entries	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions	Total						
Operating revenues:									
Box office receipts	\$ -	\$ -	\$ -	\$ 7,481,629	\$ 2,886,641	\$ -	\$ 10,368,270	\$ -	\$ 10,368,270
Theatre operations	1,522,852	-	1,522,852	5,647,963	2,175,785	-	9,346,600	(1,840,685)	7,505,915
Not-for-profit discounts	-	-	-	(4,200)	(138,286)	-	(142,486)	-	(142,486)
Total box office receipts and theatre operations, net of not-for-profit discounts	1,522,852	-	1,522,852	13,125,392	4,924,140	-	19,572,384	(1,840,685)	17,731,699
Sponsorships, net	1,001,676	-	1,001,676	278,875	81,272	-	1,361,823	-	1,361,823
Contributions and special events	1,352,498	1,047,160	2,399,658	-	-	-	2,399,658	-	2,399,658
Write-off of uncollectible pledges	-	(21,551)	(21,551)	-	-	-	(21,551)	-	(21,551)
Investment return, net	405,219	215,599	620,818	-	-	-	620,818	-	620,818
Interest income	4,764	-	4,764	19,025	-	-	23,789	-	23,789
Net assets released from restrictions	1,988,067	(1,988,067)	-	-	-	-	-	-	-
Total operating revenues	6,275,076	(746,859)	5,528,217	13,423,292	5,005,412	-	23,956,921	(1,840,685)	22,116,236
Operating expenses:									
Theatre operations including third party share of box office receipts	192,088	-	192,088	16,220,065	5,180,058	4,054	21,596,265	(474,022)	21,122,243
Folk Americana Roots Hall of Fame	342,115	-	342,115	-	-	-	342,115	-	342,115
Education	667,044	-	667,044	-	-	-	667,044	-	667,044
ArtWeek	165,830	-	165,830	-	-	-	165,830	-	165,830
General and administrative	2,288,991	-	2,288,991	841,129	637,610	20,675	3,788,405	(1,366,663)	2,421,742
Fundraising	474,348	-	474,348	-	-	-	474,348	-	474,348
Total operating expenses	4,130,416	-	4,130,416	17,061,194	5,817,668	24,729	27,034,007	(1,840,685)	25,193,322
Change in net assets from operations	2,144,660	(746,859)	1,397,801	(3,637,902)	(812,256)	(24,729)	(3,077,086)	-	(3,077,086)
Nonoperating income:									
Change in carrying value of investments in productions	-	-	-	-	-	(880)	(880)	-	(880)
Total nonoperating income	-	-	-	-	-	(880)	(880)	-	(880)
Change in net assets	2,144,660	(746,859)	1,397,801	(3,637,902)	(812,256)	(25,609)	(3,077,966)	-	(3,077,966)
Net assets (deficit), beginning of year	18,436,624	5,983,927	24,420,551	1,338,422	(844,588)	(313,983)	24,600,402	-	24,600,402
Net assets (deficit), end of year	\$ 20,581,284	\$ 5,237,068	\$ 25,818,352	\$ (2,299,480)	\$ (1,656,844)	\$ (339,592)	\$ 21,522,436	\$ -	\$ 21,522,436