

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, 2019 and 2018

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, 2019 and 2018

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RSM US LLP

## 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 statements of financial position as of May 31, 2019 and 2018, the related consolidated statements of activities, and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended May 31, 2019, 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 audits. We conducted our audits 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2, the Center adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended May 31, 2019. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets, and disclosures relating to net assets. The adoption was retrospectively applied to June 1, 2017; the earliest year presented. Our opinion is not modified with respect to this matter.

**Other Matter**

Our audits were 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 companies 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 has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our 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  
September 25, 2019

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

Consolidated Statements of Financial Position  
May 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents, including Future Fund reserve of \$388,717 and \$287,359 for 2019 and 2018, respectively	\$ 4,520,573	\$ 7,373,807
Accounts receivable for advance ticket sales	1,199,654	523,283
Prepaid expenses and other current assets	609,245	896,012
Contributions receivable, net	2,019,779	1,682,760
Investments, at fair value	13,382,078	13,859,666
Property and equipment, net	12,927,520	13,848,702
Investments in productions	14,736	14,873
	<b>34,673,585</b>	<b>38,199,103</b>
Total assets	<b>\$ 34,673,585</b>	<b>\$ 38,199,103</b>
<b>LIABILITIES AND NET ASSETS</b>		
Line of credit	\$ 2,929,515	\$ -
Accounts payable, accrued expenses and other liabilities	1,304,862	3,545,140
Unearned income	1,555,384	1,505,394
Deferred revenue for advance ticket sales	4,283,422	6,148,905
Notes payable	-	978,712
Total liabilities	<b>10,073,183</b>	<b>12,178,151</b>
Net assets:		
Net assets without donor restrictions:		
General operations	9,026,890	10,789,541
Wang Endowment Fund	9,200,868	9,571,898
Future Fund reserve	388,717	287,359
Total net assets without donor restrictions:	<b>18,616,475</b>	<b>20,648,798</b>
Net assets with donor restrictions	5,983,927	5,372,154
Total net assets	<b>24,600,402</b>	<b>26,020,952</b>
	<b>\$ 34,673,585</b>	<b>\$ 38,199,103</b>
Total liabilities and net assets	<b>\$ 34,673,585</b>	<b>\$ 38,199,103</b>

See notes to consolidated financial statements.

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

Consolidated Statements of Activities  
Years Ended May 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:						
Box office receipts	\$ 22,020,016	\$ -	\$ 22,020,016	\$ 20,178,182	\$ -	\$ 20,178,182
Theatre operations	9,891,602	-	9,891,602	8,328,570	-	8,328,570
Not-for-profit discounts	(160,957)	-	(160,957)	(184,586)	-	(184,586)
Total box office receipts and theatre operations, net of not-for-profit discounts	31,750,661	-	31,750,661	28,322,166	-	28,322,166
Sponsorships, net of commissions and fees of \$152,139 and \$152,486 for 2019 and 2018, respectively	1,118,503	-	1,118,503	1,247,214	-	1,247,214
Contributions and special events	1,298,312	1,878,645	3,176,957	795,157	1,796,692	2,591,849
Write-off of uncollectible pledges	-	(207,434)	(207,434)	-	(115,854)	(115,854)
Investment return	8,968	14,547	23,515	643,853	275,831	919,684
Interest income	3,089	-	3,089	2,548	-	2,548
Net assets released from restrictions	1,073,985	(1,073,985)	-	1,230,577	(1,230,577)	-
Total operating revenues	35,253,518	611,773	35,865,291	32,241,515	726,092	32,967,607
Operating expenses:						
Theatre operations including third party share of box office receipts	33,026,920	-	33,026,920	30,606,095	-	30,606,095
Folk Americana Roots Hall of Fame	156,309	-	156,309	-	-	-
Education	693,955	-	693,955	629,148	-	629,148
ArtWeek	194,041	-	194,041	213,509	-	213,509
General and administrative	2,507,461	-	2,507,461	2,524,635	-	2,524,635
Fundraising	707,558	-	707,558	511,579	-	511,579
Total operating expenses	37,286,244	-	37,286,244	34,484,966	-	34,484,966
Change in net assets from operations	(2,032,726)	611,773	(1,420,953)	(2,243,451)	726,092	(1,517,359)
Nonoperating income:						
Change in carrying value of investments in productions	403	-	403	6,471	-	6,471
Total nonoperating income	403	-	403	6,471	-	6,471
Change in net assets	(2,032,323)	611,773	(1,420,550)	(2,236,980)	726,092	(1,510,888)
Net assets, beginning of year	20,648,798	5,372,154	26,020,952	22,885,778	4,646,062	27,531,840
Net assets, end of year	\$ 18,616,475	\$ 5,983,927	\$ 24,600,402	\$ 20,648,798	\$ 5,372,154	\$ 26,020,952

See notes to 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, 2019

	Theatre Operations	Folk Americana Roots Hall of Fame	Education	ArtWeek	Total Program Services	General and Administrative	Fundraising	Total
Third party share of box office receipts	\$ 12,892,313	\$ -	\$ -	\$ -	\$ 12,892,313	\$ -	\$ -	\$ 12,892,313
Salaries and benefits	6,035,629	16,589	447,410	146,404	6,646,032	1,688,891	325,120	8,660,043
Artist fees	4,299,976	-	177,055	-	4,477,031	-	-	4,477,031
Advertising and promotion	1,993,581	12,768	8,956	16,327	2,031,632	4,464	13,270	2,049,366
Other event and function production costs	1,469,401	35,398	15,754	-	1,520,553	-	-	1,520,553
Depreciation, depletion and amortization	1,357,237	4,112	-	-	1,361,349	25,664	-	1,387,013
Credit card and ticket processing fees	1,366,228	-	-	-	1,366,228	-	-	1,366,228
Maintenance contracts and equipment rentals	886,398	-	13	-	886,411	286,286	-	1,172,697
Security	783,015	-	5,690	-	788,705	-	-	788,705
Utilities	613,706	-	-	-	613,706	-	-	613,706
Occupancy	547,072	-	-	-	547,072	19,838	-	566,910
Information technology	158,747	2,749	566	14,585	176,647	68,872	69,712	315,231
Professional fees	16,276	57,856	-	12,800	86,932	206,320	17,407	310,659
Insurance	251,798	-	-	-	251,798	47,208	-	299,006
Conferences, conventions and meetings	794	3,509	2,407	707	7,417	19,570	271,486	298,473
Catering and concession expenses	266,246	-	14,869	-	281,115	-	-	281,115
Office expenses and business fees	4,211	7,461	7,806	188	19,666	79,932	5,551	105,149
Hardware and janitorial supplies	70,277	2,184	-	-	72,461	-	-	72,461
Travel	14,015	1,414	13,429	3,030	31,888	18,825	5,012	55,725
Interest expense	-	-	-	-	-	37,782	-	37,782
Exhibit expense	-	12,269	-	-	12,269	-	-	12,269
Loss on disposal of fixed assets	-	-	-	-	-	3,809	-	3,809
<b>Total expenses</b>	<b>\$ 33,026,920</b>	<b>\$ 156,309</b>	<b>\$ 693,955</b>	<b>\$ 194,041</b>	<b>\$ 34,071,225</b>	<b>\$ 2,507,461</b>	<b>\$ 707,558</b>	<b>\$ 37,286,244</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,420,550)	\$ (1,510,888)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,387,013	1,367,106
Loss on disposal of fixed assets	3,809	3,673
Net realized and unrealized losses (gains) on investments	200,488	(752,615)
Change in carrying value of investments in productions	(403)	(6,471)
Changes in:		
Accounts receivable for advance ticket sales	(676,371)	(271,090)
Prepaid expenses and other current assets	286,767	305,464
Contributions receivable, net	(337,019)	(425,336)
Accounts payable, accrued expenses and other liabilities	(2,240,278)	(158,382)
Unearned income	49,990	430,643
Deferred revenue for advance ticket sales	(1,865,483)	3,403,903
Net cash (used in) provided by operating activities	<u>(4,612,037)</u>	<u>2,386,007</u>
Cash flows from investing activities:		
Purchases of property and equipment	(469,640)	(503,908)
Purchases of investments	(224,003)	(167,069)
Proceeds from sales of investments	501,103	559,140
Distributions from investments in productions	540	1,469
Net cash used in investing activities	<u>(192,000)</u>	<u>(110,368)</u>
Cash flows from financing activities:		
Proceeds from line of credit	2,929,515	-
Repayments on notes payable	(978,712)	(292,718)
Net cash provided by (used in) financing activities	<u>1,950,803</u>	<u>(292,718)</u>
Change in cash and cash equivalents	(2,853,234)	1,982,921
Cash and cash equivalents, beginning of year	<u>7,373,807</u>	<u>5,390,886</u>
Cash and cash equivalents, end of year	<u>\$ 4,520,573</u>	<u>\$ 7,373,807</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 37,782</u>	<u>\$ 22,770</u>

See notes to consolidated financial statements.



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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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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, ArtWeek, an annual statewide arts festival, and has formed 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”) and a Future Fund reserve. 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  
Years Ended May 31, 2019 and 2018

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

### Revenues

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as releases to net assets without restrictions.

Theatre revenue is recognized as the related performances occur. Box office receipts represent the value of all tickets sold. Theatre operations revenues are comprised of theatre rental income and other fees, transaction commissions, function sales and fees for reimbursed theatre event expenses. Amounts collected in advance of performances or events are recorded as unearned income or deferred revenue for advance ticket sales.

### Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. 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, 2019 and 2018, contributions to be received after one year were discounted using rates ranging from 2.4% - 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. The allowance for uncollectible contributions receivable as of May 31, 2019 and 2018 was \$25,000.

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.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### 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, net of management fees, is appropriated for operations in accordance with the Center's investment policies and procedures. During the years ended May 31, 2019 and 2018, the Finance Committee appropriated for operations \$380,000 and \$473,000, respectively.

### 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 change in carrying value of investments in productions.

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

Effective November 1, 2016, the Center entered into a new 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 restricted for education and community programming purposes. 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 years ended May 31, 2019 and 2018, the Center recognized sponsorship revenue from this agreement in the amount of \$1,000,000 per year.

### 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.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### 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, 2019 and 2018. 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, 2019 and 2018 represents equity investments in unrelated production companies. The Center's interest in the earnings and losses in these investments are recorded in the consolidated Statements of Activities as non-operating gains or losses.

### 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.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### 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.

During the years ended May 31, 2019 and 2018, 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.

There were no transfers of asset classifications between Level 1 and Level 2 of the fair value hierarchy during the years ended May 31, 2019 and 2018.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### Fair Value Measurements...continued

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

#### Investments

Investments in debt and equity securities as well as exchange-traded products 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.

#### 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 Statements of Activities. The Center incurred advertising costs in the amount of \$1,975,762 and \$3,223,455 for the years ended May 31, 2019 and 2018, respectively.

#### 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.

#### 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.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### 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, 2019 or 2018.

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 2016.

### Recently Adopted Accounting Pronouncements

During 2018, the Center adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification and disclosure requirements, underwater donor-restricted endowments and related disclosures, additional disclosures useful in assessing liquidity within one year of the statement of financial position date, new reporting requirements relating to expenses including disclosure of expenses, and reporting of net investment return. The Center made changes to terminology and classification as described above as well as additional or modified disclosures, particularly Note 12. Amounts previously reported for the year ended May 31, 2018 have been reclassified on a retrospective basis to achieve consistent presentation. Amounts previously reported as temporarily restricted net assets have been reclassified to be reported as with donor restrictions.

### Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Center has not yet selected a transition method and 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  
Years Ended May 31, 2019 and 2018

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

### Recently Issued Accounting Pronouncements...continued

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, 2019, with early adoption permitted. The Center is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the FASB Emerging Issues Task Force)*. To reduce diversity in practice, the ASU provides solutions for eight specific statement of cash flow classification issues. The ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The Center is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Additionally, the ASU provides for earlier effective dates for public business entities). As the Center is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Center is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurements (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU removed the following disclosure requirements: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; (2) the policy for timing of transfers between levels; and (3) the valuation processes for Level 3 fair value measurements. Additionally, this update added the following disclosure requirements: (1) the changes in unrealized gains and losses for the period included in other comprehensive income and loss for recurring Level 3 fair value measurements held at the end of the reporting period; (2) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, and entity may disclose other quantitative information in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 will be effective for fiscal years beginning after December 15, 2020 with early adoption permitted. The Center is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.



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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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

### Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

## 3. INVESTMENTS

Investments consisted of the following as of May 31:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 752,354	\$ 752,354	\$ 900,683	\$ 900,683
Exchange-traded products	1,341,254	1,387,822	-	-
Fixed income:				
Government bonds	1,833,126	1,875,398	1,249,033	1,254,057
Corporate bonds	1,845,326	1,883,279	2,383,404	2,347,139
Mutual funds:				
International equity	1,232,034	1,186,923	1,232,034	1,393,148
Equity fund	4,022,496	4,557,949	4,752,225	5,519,843
Bond fund	556,689	559,474	556,689	549,474
Alternative strategies	<u>1,251,830</u>	<u>1,178,879</u>	<u>1,986,201</u>	<u>1,895,322</u>
	<u>\$ 12,835,109</u>	<u>\$ 13,382,078</u>	<u>\$ 13,060,269</u>	<u>\$ 13,859,666</u>

The following table summarizes the valuation of the Center's investments by the fair value hierarchy levels as of May 31, 2019:

Description	Fair Value Measurements at Reporting Date Using			
	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 752,354	\$ -	\$ -	\$ 752,354
Exchange-traded products	1,387,822	-	-	1,387,822
Fixed income:				
Government bonds	1,875,398	-	-	1,875,398
Corporate bonds	1,883,279	-	-	1,883,279
Mutual funds:				
International equity	1,186,923	-	-	1,186,923
Equity fund	4,557,949	-	-	4,557,949
Bond fund	559,474	-	-	559,474
Alternative strategies	<u>1,178,879</u>	<u>-</u>	<u>-</u>	<u>1,178,879</u>
	<u>\$ 13,382,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,382,078</u>

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

### 3. INVESTMENTS...continued

The following table summarizes the valuation of the Center's investments by the fair value hierarchy levels as of May 31, 2018:

Description	Fair Value Measurements at Reporting Date Using			Total
	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 900,683	\$ -	\$ -	\$ 900,683
Fixed income:				
Government bonds	1,254,057	-	-	1,254,057
Corporate bonds	2,347,139	-	-	2,347,139
Mutual funds:				
International equity	1,393,148	-	-	1,393,148
Equity fund	5,519,843	-	-	5,519,843
Bond fund	549,474	-	-	549,474
Alternative strategies	1,895,322	-	-	1,895,322
	<u>\$ 13,859,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,859,666</u>

Investment return consisted of the following for the years ended May 31:

	2019	2018
Interest and dividends	\$ 284,463	\$ 248,058
Net realized and unrealized (losses) gains	(200,488)	752,615
Management fees	(60,460)	(80,989)
Investment return	<u>\$ 23,515</u>	<u>\$ 919,684</u>

### 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of May 31:

	2019	2018
Amounts due within one year	\$ 1,194,133	\$ 948,392
Amounts due from one to five years	917,500	827,500
	<u>2,111,633</u>	<u>1,775,892</u>
Less - allowance for uncollectable contributions receivable	(25,000)	(25,000)
Less - present value discount	(66,854)	(68,132)
	<u>\$ 2,019,779</u>	<u>\$ 1,682,760</u>

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

## 5. PROPERTY AND EQUIPMENT

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

	Estimated Useful Life	2019	2018
Leasehold improvements	7-40 years	\$ 36,502,291	\$ 36,410,603
Office furniture and equipment	5-10 years	557,415	557,415
Theatre and concession equipment	5-10 years	1,896,838	1,741,886
Computer software and equipment	3-10 years	1,464,025	1,378,918
Construction in progress		<u>35,987</u>	<u>46,366</u>
		40,456,556	40,135,188
Less - accumulated depreciation and amortization		<u>(27,529,036)</u>	<u>(26,286,486)</u>
		<u>\$ 12,927,520</u>	<u>\$ 13,848,702</u>

Depreciation and amortization charged to operations totaled \$1,387,013 and \$1,367,106 for the years ended May 31, 2019 and 2018, respectively. During the years ended May 31, 2019 and 2018, assets no longer in service of \$148,273 and \$936,415 were removed from the above balances, respectively. The assets disposed of during the years ended May 31, 2019 and 2018, net of accumulated depreciation of \$144,464 and \$932,742 resulted in losses of \$3,809 and \$3,673, respectively.

Construction in progress as of May 31, 2019 of \$35,987 includes various theatre renovation projects expected to be completed during fiscal year 2020 with total expected costs to complete of approximately \$480,000. Construction in progress of \$46,366 as of May 31, 2018 was completed and placed into service as computer software and equipment and leasehold improvements during the year ended May 31, 2019.

## 6. LINE OF CREDIT

On July 15, 2016, the Center obtained a revolving line of credit with First Republic Bank that provided for maximum borrowings up to \$4,000,000 originally until July 2019. This line of credit was collateralized by a first security interest in a portion of the Center's investments, and accrued interest at LIBOR plus .70% subject to a floor rate of 1.25%. As of May 31, 2018, the Center had no outstanding borrowings on this line of credit. During the year ended May 31, 2019, the line of credit was replaced with a new line of credit with First Republic Bank, as further discussed below.

On August 9, 2018, the Center obtained a new 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 2020. The line of credit is collateralized by a first security interest in a portion of the Center's investments and accrues interest at LIBOR plus .50% subject to a floor rate of 1.0%. As of May 31, 2019, the Center had outstanding borrowings of \$2,929,515 on this line of credit at an interest rate in effect of 2.94%. Interest expense for the year ended May 31, 2019 totaled \$34,398.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

## 7. NOTES PAYABLE

On July 15, 2016, the Center entered into a note payable agreement with First Republic Bank in the amount of \$800,000 which was secured by a portion of the Center's investments and accrued interest at the rate of 2% per annum through July 2021. As of May 31, 2019 and 2018, outstanding principal on this note totaled \$0 and \$515,896, respectively. Interest expense for the years ended May 31, 2019 and 2018 totaled \$1,784 and \$12,024, respectively. On August 9, 2018, the Center repaid the outstanding principal balance of the note payable with proceeds from a new line of credit obtained from First Republic Bank as discussed in Note 6.

On August 18, 2016, the Center entered into a second note payable with First Republic Bank. The note payable in the amount of \$700,000 was secured by a portion of the Center's investments and accrued interest at the rate of 2% per annum through August 2021. As of May 31, 2019 and 2018, outstanding principal on this note totaled \$0 and \$462,816, respectively. Interest expense for the years ended May 31, 2019 and 2018 totaled \$1,600 and \$10,746, respectively. On August 9, 2018, the Center repaid the outstanding principal balance of the note payable with proceeds from a new line of credit obtained from First Republic Bank as discussed in Note 6.

## 8. BOARD DESIGNATED NET ASSETS

Changes in board designated net assets:

	Wang Endowment Fund	Future Fund Reserve
	<u>          </u>	<u>          </u>
Board designated net assets as of May 31, 2017	\$ 9,401,045	\$ 1,110,834
Investment return:		
Investment income, net of management fees	118,448	-
Net realized and unrealized gain on investment	<u>525,405</u>	<u>-</u>
Total gain on investment	643,853	-
Reserve funding	-	239,773
Interest	-	1,359
Appropriation for expenditures	<u>(473,000)</u>	<u>(1,064,607)</u>
Board designated net assets as of May 31, 2018	<u>9,571,898</u>	<u>287,359</u>
Investment return:		
Investment income, net of management fees	156,494	-
Net realized and unrealized gain on investment	<u>(147,524)</u>	<u>-</u>
Total gain on investment	8,970	-
Reserve funding	-	200,000
Interest	-	1,358
Appropriation for expenditures	<u>(380,000)</u>	<u>(100,000)</u>
Board designated net assets as of May 31, 2019	<u>\$ 9,200,868</u>	<u>\$ 388,717</u>

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

## 9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Time restrictions	\$ 1,364,546	\$ 553,668
Purpose restrictions		
The Walter Suskind Memorial Fund	4,404,381	4,690,527
Advertising	40,000	-
Facilities	<u>175,000</u>	<u>127,959</u>
	<u>\$ 5,983,927</u>	<u>\$ 5,372,154</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 years ended May 31:

	<u>2019</u>	<u>2018</u>
Education releases	\$ 693,955	\$ 629,148
ArtWeek releases	146,130	129,140
Facilities releases	80,312	292,926
Advertising releases	40,000	-
Folk Americana	2,245	32,543
Expiration of time restriction releases	<u>111,343</u>	<u>146,820</u>
	<u>\$ 1,073,985</u>	<u>\$ 1,230,577</u>

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

## 10. 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. 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. 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.

#### 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:

2020	\$	437,918
2021		439,088
2022		365,056
2023		263,582
2024		262,440
Thereafter		<u>6,689,611</u>
	\$	<u>8,457,695</u>

The Center leases the Wang Theatre, the Shubert Theatre, the Shubert Theatre parking lot, and various office space and equipment. Total lease and operating agreement payments were \$426,791 and \$417,072 for the years ended May 31, 2019 and 2018, respectively.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

## 10. COMMITMENTS AND CONTINGENCIES...continued

### Contingencies

As of May 31, 2019 and 2018, 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.

## 11. 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 \$88,963 and \$73,881 in accordance with the matching provisions declared for the years ended May 31, 2019 and 2018, respectively. During the years ended May 31, 2019 and 2018, \$14,569 and \$5,955, respectively, of the matching provisions were funded by forfeitures within the plan. The Center did not make a lump-sum contribution for either of the years ended May 31, 2019 and 2018. Any discretionary lump-sum contributions would be distributed using a formula based upon salary levels.

## 12. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of May 31, 2019, 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	\$ 4,131,856
Current portion of contributions receivable	1,169,133
Accounts receivable for advanced ticket sales	1,199,654
Investments	
Fiscal year 2020 endowment appropriation under spending policy	<u>383,000</u>
Total financial assets available within one year	<u>\$ 6,883,643</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. During the year ended May 31, 2019, the Center borrowed and has outstanding \$2,929,515 on the line of credit.

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

Notes to Consolidated Financial Statements  
Years Ended May 31, 2019 and 2018

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## **12. FINANCIAL ASSETS AND LIQUIDITY RESOURCES...continued**

In addition, the Center maintains the Wang Endowment Fund and the Future Fund reserve, totaling \$9,200,868 and \$388,717, respectively, as of May 31, 2019. Although the Center does not intend to spend from the Wang Endowment Fund or Future Fund reserve other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the Wang Endowment Fund or Future Fund reserve could be made available if necessary.

## **13. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 25, 2019, the date the financial statements were available to be issued.



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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, 2019

	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, including Future Fund reserve of \$388,717	\$ 667,651	\$ 387,056	\$ 144,394	\$ 4,944	\$ 1,204,045	\$ -	\$ 1,204,045
Cash and cash equivalents for advanced ticket sales	-	2,627,767	688,761	-	3,316,528	-	3,316,528
Total cash and cash equivalents	667,651	3,014,823	833,155	4,944	4,520,573	-	4,520,573
Accounts receivable for advance ticket sales	-	1,186,604	13,050	-	1,199,654	-	1,199,654
Prepaid expenses and other current assets	149,877	348,535	110,833	-	609,245	-	609,245
Contributions receivable, net	2,019,779	-	-	-	2,019,779	-	2,019,779
Investments, at fair value	13,382,078	-	-	-	13,382,078	-	13,382,078
Property and equipment, net	405,059	8,672,198	3,850,263	-	12,927,520	-	12,927,520
Due from (to) related parties	11,731,468	(6,818,369)	(4,584,436)	(328,663)	-	-	-
Investments in productions	-	-	-	14,736	14,736	-	14,736
Total assets	<u>\$ 28,355,912</u>	<u>\$ 6,403,791</u>	<u>\$ 222,865</u>	<u>\$ (308,983)</u>	<u>\$ 34,673,585</u>	<u>\$ -</u>	<u>\$ 34,673,585</u>
<b>LIABILITIES AND NET ASSETS</b>							
Line of credit	\$ 2,929,515	\$ -	\$ -	\$ -	\$ 2,929,515	\$ -	\$ 2,929,515
Accounts payable, accrued expenses and other liabilities	706,529	471,694	121,639	5,000	1,304,862	-	1,304,862
Unearned income	299,317	1,012,872	243,195	-	1,555,384	-	1,555,384
Deferred revenue for advance ticket sales	-	3,580,803	702,619	-	4,283,422	-	4,283,422
Total liabilities	<u>3,935,361</u>	<u>5,065,369</u>	<u>1,067,453</u>	<u>5,000</u>	<u>10,073,183</u>	<u>-</u>	<u>10,073,183</u>
Net assets:							
Net assets without donor restrictions:							
General operations	8,847,039	1,338,422	(844,588)	(313,983)	9,026,890	-	9,026,890
Wang Endowment Fund	9,200,868	-	-	-	9,200,868	-	9,200,868
Future Fund reserve	388,717	-	-	-	388,717	-	388,717
Total net assets without donor restrictions	<u>18,436,624</u>	<u>1,338,422</u>	<u>(844,588)</u>	<u>(313,983)</u>	<u>18,616,475</u>	<u>-</u>	<u>18,616,475</u>
Net assets with donor restrictions	5,983,927	-	-	-	5,983,927	-	5,983,927
Total net assets	<u>24,420,551</u>	<u>1,338,422</u>	<u>(844,588)</u>	<u>(313,983)</u>	<u>24,600,402</u>	<u>-</u>	<u>24,600,402</u>
Total liabilities and net assets	<u>\$ 28,355,912</u>	<u>\$ 6,403,791</u>	<u>\$ 222,865</u>	<u>\$ (308,983)</u>	<u>\$ 34,673,585</u>	<u>\$ -</u>	<u>\$ 34,673,585</u>

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

Consolidating Schedule of Activities  
Year Ended May 31, 2019

	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	\$ -	\$ -	\$ -	\$ 18,503,976	\$ 3,516,040	\$ -	\$ 22,020,016	\$ -	\$ 22,020,016
Theatre operations	1,814,697	-	1,814,697	7,365,056	2,783,689	-	11,963,442	(2,071,840)	9,891,602
Not-for-profit discounts	-	-	-	(35,455)	(125,502)	-	(160,957)	-	(160,957)
Total box office receipts and theatre operations, net of not-for-profit discounts	1,814,697	-	1,814,697	25,833,577	6,174,227	-	33,822,501	(2,071,840)	31,750,661
Sponsorships, net	1,010,318	-	1,010,318	34,364	73,821	-	1,118,503	-	1,118,503
Contributions and special events	1,298,312	1,878,645	3,176,957	-	-	-	3,176,957	-	3,176,957
Write-off of uncollectible pledges	-	(207,434)	(207,434)	-	-	-	(207,434)	-	(207,434)
Investment return	8,968	14,547	23,515	-	-	-	23,515	-	23,515
Interest income	1,394	-	1,394	1,695	-	-	3,089	-	3,089
Net assets released from restrictions	1,073,985	(1,073,985)	-	-	-	-	-	-	-
Total operating revenues	5,207,674	611,773	5,819,447	25,869,636	6,248,048	-	37,937,131	(2,071,840)	35,865,291
Operating expenses:									
Theatre operations including third party share of box office receipts	203,710	-	203,710	26,830,491	6,681,985	4,041	33,720,227	(693,307)	33,026,920
Folk Americana Roots Hall of Fame	156,309	-	156,309	-	-	-	156,309	-	156,309
Education	693,955	-	693,955	-	-	-	693,955	-	693,955
ArtWeek	194,041	-	194,041	-	-	-	194,041	-	194,041
General and administrative	2,346,434	-	2,346,434	882,324	633,145	24,091	3,885,994	(1,378,533)	2,507,461
Fundraising	707,558	-	707,558	-	-	-	707,558	-	707,558
Total operating expenses	4,302,007	-	4,302,007	27,712,815	7,315,130	28,132	39,358,084	(2,071,840)	37,286,244
Change in net assets from operations	905,667	611,773	1,517,440	(1,843,179)	(1,067,082)	(28,132)	(1,420,953)	-	(1,420,953)
Nonoperating income:									
Change in carrying value of investments in productions	-	-	-	-	-	403	403	-	403
Total nonoperating income	-	-	-	-	-	403	403	-	403
Change in net assets	905,667	611,773	1,517,440	(1,843,179)	(1,067,082)	(27,729)	(1,420,550)	-	(1,420,550)
Net assets (deficit), beginning of year	17,530,957	5,372,154	22,903,111	3,181,601	222,494	(286,254)	26,020,952	-	26,020,952
Net assets (deficit), end of year	\$ 18,436,624	\$ 5,983,927	\$ 24,420,551	\$ 1,338,422	\$ (844,588)	\$ (313,983)	\$ 24,600,402	\$ -	\$ 24,600,402

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

Consolidating Schedule of Financial Position  
May 31, 2018

	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, including Future Fund reserve of \$287,359	\$ 614,025	\$ 1,141,025	\$ 145,308	\$ 4,419	\$ 1,904,777	\$ -	\$ 1,904,777
Cash and cash equivalents for advanced ticket sales	-	4,729,245	739,785	-	5,469,030	-	5,469,030
Total cash and cash equivalents	614,025	5,870,270	885,093	4,419	7,373,807	-	7,373,807
Accounts receivable for advance ticket sales	-	465,853	57,430	-	523,283	-	523,283
Prepaid expenses and other current assets	154,200	549,533	192,279	-	896,012	-	896,012
Contributions receivable, net	1,682,760	-	-	-	1,682,760	-	1,682,760
Investments, at fair value	13,859,666	-	-	-	13,859,666	-	13,859,666
Property and equipment, net	381,298	9,350,914	4,116,490	-	13,848,702	-	13,848,702
Due from (to) related parties	8,099,558	(4,087,685)	(3,711,303)	(300,570)	-	-	-
Investments in productions	-	-	-	14,873	14,873	-	14,873
Total assets	\$ 24,791,507	\$ 12,148,885	\$ 1,539,989	\$ (281,278)	\$ 38,199,103	\$ -	\$ 38,199,103
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable, accrued expenses and other liabilities	\$ 687,855	\$ 2,670,555	\$ 181,754	\$ 4,976	\$ 3,545,140	\$ -	\$ 3,545,140
Unearned income	221,829	994,313	289,252	-	1,505,394	-	1,505,394
Deferred revenue for advance ticket sales	-	5,302,416	846,489	-	6,148,905	-	6,148,905
Notes payable	978,712	-	-	-	978,712	-	978,712
Total liabilities	1,888,396	8,967,284	1,317,495	4,976	12,178,151	-	12,178,151
Net assets:							
Net assets without donor restrictions:							
General operations	7,671,700	3,181,601	222,494	(286,254)	10,789,541	-	10,789,541
Wang Endowment Fund	9,571,898	-	-	-	9,571,898	-	9,571,898
Future Fund reserve	287,359	-	-	-	287,359	-	287,359
Total net assets without donor restrictions	17,530,957	3,181,601	222,494	(286,254)	20,648,798	-	20,648,798
Net assets with donor restrictions	5,372,154	-	-	-	5,372,154	-	5,372,154
Total net assets	22,903,111	3,181,601	222,494	(286,254)	26,020,952	-	26,020,952
Total liabilities and net assets	\$ 24,791,507	\$ 12,148,885	\$ 1,539,989	\$ (281,278)	\$ 38,199,103	\$ -	\$ 38,199,103

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

Consolidating Schedule of Activities  
Year Ended May 31, 2018

	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	\$ -	\$ -	\$ -	\$ 16,006,675	\$ 4,171,507	\$ -	\$ 20,178,182	\$ -	\$ 20,178,182
Theatre operations	1,794,907	-	1,794,907	5,961,199	2,455,304	-	10,211,410	(1,882,840)	8,328,570
Not-for-profit discounts	(4,726)	-	(4,726)	-	(179,860)	-	(184,586)	-	(184,586)
Total box office receipts and theatre operations, net of not-for-profit discounts	1,790,181	-	1,790,181	21,967,874	6,446,951	-	30,205,006	(1,882,840)	28,322,166
Sponsorships, net	1,205,044	-	1,205,044	-	42,170	-	1,247,214	-	1,247,214
Contributions and special events	795,157	1,796,692	2,591,849	-	-	-	2,591,849	-	2,591,849
Write-off of uncollectible pledges	-	(115,854)	(115,854)	-	-	-	(115,854)	-	(115,854)
Investment return	643,853	275,831	919,684	-	-	-	919,684	-	919,684
Interest income	1,983	-	1,983	565	-	-	2,548	-	2,548
Net assets released from restrictions	1,230,577	(1,230,577)	-	-	-	-	-	-	-
Total operating revenues	5,666,795	726,092	6,392,887	21,968,439	6,489,121	-	34,850,447	(1,882,840)	32,967,607
Operating expenses:									
Theatre operations including third party share of box office receipts	230,382	-	230,382	23,124,705	7,797,301	4,053	31,156,441	(550,346)	30,606,095
Education	629,148	-	629,148	-	-	-	629,148	-	629,148
ArtWeek	213,509	-	213,509	-	-	-	213,509	-	213,509
General and administrative	2,132,306	-	2,132,306	1,063,531	637,516	23,776	3,857,129	(1,332,494)	2,524,635
Fundraising	511,579	-	511,579	-	-	-	511,579	-	511,579
Total operating expenses	3,716,924	-	3,716,924	24,188,236	8,434,817	27,829	36,367,806	(1,882,840)	34,484,966
Change in net assets from operations	1,949,871	726,092	2,675,963	(2,219,797)	(1,945,696)	(27,829)	(1,517,359)	-	(1,517,359)
Nonoperating income:									
Change in carrying value of investments in productions	-	-	-	-	-	6,471	6,471	-	6,471
Total nonoperating income	-	-	-	-	-	6,471	6,471	-	6,471
Change in net assets	1,949,871	726,092	2,675,963	(2,219,797)	(1,945,696)	(21,358)	(1,510,888)	-	(1,510,888)
Net assets (deficit), beginning of year	15,581,086	4,646,062	20,227,148	5,401,398	2,168,190	(264,896)	27,531,840	-	27,531,840
Net assets (deficit), end of year	\$ 17,530,957	\$ 5,372,154	\$ 22,903,111	\$ 3,181,601	\$ 222,494	\$ (286,254)	\$ 26,020,952	\$ -	\$ 26,020,952