

Shakespeare Center of Los Angeles

**Consolidated Financial Statements and Supplementary Information
with Report of Independent Auditors**

**For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)**



Report of Independent Auditors

To the Board of Directors of
Shakespeare Center of Los Angeles:

Opinion

We have audited the accompanying consolidated financial statements of Shakespeare Center of Los Angeles and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statement of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shakespeare Center of Los Angeles and Subsidiaries as of September 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Shakespeare Center of Los Angeles and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Changes in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, Shakespeare Center of Los Angeles and Subsidiaries adopted accounting standards changes related to accounting for and disclosing measurement of credit losses on financial instruments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shakespeare Center of Los Angeles and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shakespeare Center of Los Angeles's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shakespeare Center of Los Angeles's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Shakespeare Center of Los Angeles and subsidiaries' 2023 consolidated financial statements, and expressed an unmodified opinion on those audited consolidated financial statements in our report dated August 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Long Beach, California
August 11, 2025

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2024
(with comparative totals as of September 30, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 908,626	\$ 804,747
Prepaid expenses	28,562	11,500
Accounts receivable	169,069	69,893
Grants receivable - current	183,000	258,000
Investments	-	631
Total current assets	1,289,257	1,144,771
Noncurrent assets		
Restricted cash	7,743,341	10,210,771
Grants receivable - noncurrent	-	183,000
Notes receivable	8,289,300	8,289,300
Fixed assets, net	4,748,901	1,787,428
Total noncurrent assets	20,781,542	20,470,499
Total assets	\$ 22,070,799	\$ 21,615,270
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 151,411	\$ 87,455
Construction payable	969,999	205,015
Payroll liabilities payable	22,879	26,518
Total current liabilities	1,144,289	318,988
Noncurrent liabilities		
Deferred revenue	20,000	5,082,094
Notes payable, net	11,377,983	11,344,065
Total noncurrent liabilities	11,397,983	16,426,159
Total liabilities	12,542,272	16,745,147
Net assets		
Without donor restrictions	8,970,166	4,320,591
With donor restrictions	558,361	549,532
Total net assets	9,528,527	4,870,123
Total liabilities and net assets	\$ 22,070,799	\$ 21,615,270

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Consolidated Total 2024	2023
PUBLIC SUPPORT AND OTHER REVENUES				
Contributions of cash and other financial assets				
Public support:				
Contributions	\$ 98,436	\$ -	\$ 98,436	\$ 26,882
Government	465,526	-	465,526	612,553
Foundation and corporate	5,105,324	320,000	5,425,324	4,206,883
Total public support	5,669,286	320,000	5,989,286	4,846,318
Contributions of nonfinancial assets				
In-kind contributions	75,460	-	75,460	99,400
Total nonfinancial contributions	75,460	-	75,460	99,400
Other revenues:				
Ticket sales	-	-	-	181,968
Rental revenue	-	-	-	10,515
Interest income	313,028	-	313,028	153,003
Other income	97,993	-	97,993	3,828
Total other revenues	411,021	-	411,021	349,314
Net assets released from restrictions	311,171	(311,171)	-	-
Total revenue and other support	6,466,938	8,829	6,475,767	5,295,032
EXPENDITURES				
Program services	1,133,313	-	1,133,313	1,431,675
Administrative and support	409,516	-	409,516	336,304
Fundraising	274,534	-	274,534	299,657
Total expenditures	1,817,363	-	1,817,363	2,067,636
CHANGE IN NET ASSETS	4,649,575	8,829	4,658,404	3,227,396
NET ASSETS AT BEGINNING OF YEAR	4,320,591	549,532	4,870,123	1,642,727
NET ASSETS AT END OF YEAR	\$ 8,970,166	\$ 558,361	\$ 9,528,527	\$ 4,870,123

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

EXPENDITURES	Program Services					Administrative and Support	Fundraising			Consolidated Total	
	Shakespeare in American Classrooms	Will Power - After School & Summer	Construction - Security & Storage	Other Programs	Total Programs		Capital Campaign	Development	Total Fundraising	2024	2023
Salaries and wages	\$ 122,145	\$ 95,666	\$ 45,862	\$ 146,306	\$ 409,979	\$ 91,566	\$ 20,230	\$ 88,258	\$ 108,488	\$ 610,033	\$ 765,225
Payroll taxes and employee benefits	19,501	3,579	8,255	26,336	57,671	19,880	3,035	13,239	16,274	93,825	119,152
Total compensation	141,646	99,245	54,117	172,642	467,650	111,446	23,265	101,497	124,762	703,858	884,377
Consultants and outside services	238,508	5,649	16,302	69,500	329,959	142,709	56,000	46,911	102,911	575,579	432,614
Production expenses	-	-	129,004	128,764	257,768	-	-	-	-	257,768	394,028
Professional services	-	-	-	-	-	118,731	-	-	-	118,731	60,072
Office expenses	923	9,740	9,740	9,740	30,143	13,252	4,000	12,609	16,609	60,004	40,139
Other expenses	6,441	7,321	-	3,325	17,087	3,204	-	11,545	11,545	31,836	8,624
Improvement and maintenance	-	5,802	-	5,803	11,605	5,802	5,803	5,803	11,606	29,013	30,651
Insurance expenses	-	5,247	-	5,247	10,494	5,247	-	5,247	5,247	20,988	22,990
Marketing and communications	4,899	-	-	-	4,899	5,417	-	-	-	10,316	70,705
Depreciation expense	-	1,854	-	1,854	3,708	3,708	-	1,854	1,854	9,270	80,300
Utilities expenses	-	-	-	-	-	-	-	-	-	-	34,115
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	6,096
Taxes and licenses	-	-	-	-	-	-	-	-	-	-	2,925
Total expenditures	\$ 392,417	\$ 134,858	\$ 209,163	\$ 396,875	\$ 1,133,313	\$ 409,516	\$ 89,068	\$ 185,466	\$ 274,534	\$ 1,817,363	\$ 2,067,636

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,658,404	\$ 3,227,396
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	9,270	80,300
Changes in operating assets and liabilities:		
Increase in accounts receivable	(99,176)	(172,622)
(Increase) decrease in prepaid expenses	(17,062)	38,500
Decrease (increase) in grants receivable	258,000	(183,000)
Increase (decrease) in accounts payable	63,956	(118,277)
(Decrease) increase in payroll liabilities payable	(3,639)	10,757
(Decrease) increase in deferred revenue	(5,062,094)	82,094
Net cash (used in) provided by operating activities	(192,341)	2,965,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans made to borrower	-	(8,289,300)
(Purchase) sale of investments	631	4,775,494
Purchases of fixed assets	(2,171,841)	(403,698)
Net cash used in investing activities	(2,171,210)	(3,917,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of debt issuance costs	-	(655,935)
Proceeds from notes payable	-	12,000,000
Net cash provided by financing activities	-	11,344,065
Net change in cash, cash equivalents and restricted cash	(2,363,551)	10,391,709
Cash, cash equivalents and restricted cash at beginning of year	11,015,518	623,809
Cash, cash equivalents and restricted cash at end of year	\$ 8,651,967	\$ 11,015,518
Cash and cash equivalents	908,626	804,747
Restricted cash	7,743,341	10,210,771
Total cash, cash equivalents and restricted cash	\$ 8,651,967	\$ 11,015,518

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

	2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest capitalized into fixed assets	\$ 203,896	\$ 29,128
Cash paid for interest expense	\$ -	\$ 4,237
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Increase in fixed assets due to construction payable	\$ 764,984	\$ 205,015
Increase in fixed assets due to debt issuance cost amortization	\$ 33,918	\$ -

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

1. Organization

Shakespeare Center of Los Angeles (“Shakespeare Center”, the “Organization” or “QALICB”) is a New York nonprofit public benefit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Organization was incorporated on April 22, 1983 to initiate, sponsor, encourage, promote, advance and carry out plans, policies and activities that will tend to further the development of artists and the arts, including particularly theatrical arts and interdisciplinary theatre along with other forms of artistic expression and to hold title to property, including real and personal property located at 1238 West First Street in the City of Los Angeles (the “Property”). The Organization is primarily funded by grants and donations.

The Organization formed Shakespeare Guild Los Angeles (“SGLA”) on November 3, 2022 for the exclusive purposes of supporting the construction of the Property and programming operated by the Organization. The Organization consolidates SGLA (the Organization and SGLA are, collectively, the “Consolidated Entity”).

The accounts of SGLA are presented herein. The consolidated financial statements include the accounts of the Consolidated Entity. All material intercompany accounts and transactions are eliminated in consolidation.

2. Summary of significant accounting policies

Basis of accounting

The Consolidated Entity prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Consolidated Entity is required to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Consolidated Entity or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Principles of consolidation

The Consolidated Entity’s consolidated financial statements include the accounts of majority-owned, controlled entities that the Organization controls. All significant and material intercompany balances and transactions have been eliminated.

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Estimates

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentration

The Consolidated Entity's major asset is the development of the Property located in Los Angeles, California. The Consolidated Entity's primary sources of funds are dependent on grants and donations. Future operations could be affected by changes in economic or other conditions in that geographical area.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of construction payments, debt service payments, and payments of asset management fees. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

Concentration of credit risk

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

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Grants receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution and grant revenue. Conditional promises to give are not included as support until the conditions are met.

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Notes receivable and allowance for credit losses (after the adoption of ASU 2016-13 effective October 1, 2023)

Notes receivable are measured at amortized cost basis and presented at the amount expected to be collected, net of deferred note origination fees and unearned discounts, as applicable. The Organization records an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset. Assets are written off when the Organization deems the note receivable to be uncollectable. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. As of September 30, 2024 and 2023, management believes that the Organization's notes receivable are fully collectable and as such, the allowance for credit losses is zero.

In developing estimates for expected credit losses, management considers historical loss information updated for current conditions and reasonable and supportable forecasts that affect expected collectability using a loss-rate approach. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the note, the remaining time to maturity, and the value of underlying collateral. Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for credit note losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Notes that are 90 days or more past due, based on the contractual terms of the note, are classified on nonaccrual status. Uncollectable interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual notes is recognized only to the extent cash payments are received and the principal balance is believed to be collectable. A note previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the note when payments on the note become current. There were no notes on nonaccrual status at September 30, 2024 and 2023.

Note origination and commitment fees, as well as certain direct origination costs, are deferred and recognized into income ratably over the term of the note. Amortization of deferred note fees is discontinued when a note is placed on nonaccrual status.

Fair value measurements

The Consolidated Entity applies the accounting provisions related to fair value measurements. These provisions define fair value as 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, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

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

Level 3: Unobservable inputs that reflect the Organization's own assumptions.

As of September 30, 2024 and 2023, money market funds in the amount of \$0 and \$631, respectively, are measured and recognized at fair value on a recurring basis classified under Level 1 of the fair value hierarchy.

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Organization's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Organization for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Fixed assets and depreciation

Construction in progress is recorded at cost and once placed in service, will be depreciated over its estimated useful life. Purchases of property, equipment or improvements costing more than \$2,000 are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and leasehold improvements	20-30 years
Furniture and equipment	5-10 years
Computer software and hardware	3 years
Vehicles	5 years

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Fixed assets and depreciation (continued)

For the years ended September 30, 2024 and 2023, depreciation expense was \$9,270 and \$80,300, respectively. As of September 30, 2024 and 2023, the Consolidated Entity's fixed assets consisted of:

	<u>2024</u>	<u>2023</u>
Land	\$ 310,000	\$ 310,000
Buildings	595,600	595,600
Construction in progress	4,438,901	1,468,159
Equipment	335,221	335,221
Building improvements	316,127	316,127
Furniture and fixtures	<u>8,128</u>	<u>8,128</u>
Total fixed assets	6,003,977	3,076,643
Less: accumulated depreciation	<u>(1,255,076)</u>	<u>(1,289,215)</u>
Fixed assets, net	<u>\$ 4,748,901</u>	<u>\$ 1,787,428</u>

Impairment of long-lived assets

The Consolidated Entity reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2024 and 2023.

Debt issuance costs

The Organization presents debt issuance costs as an offset against debt on its consolidated financial statements. Debt issuance costs are amortized to interest expense using the effective interest method over the life of the associated loan.

Income taxes

The Consolidated Entity is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d). The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Consolidated Entity to report information regarding its exposure to various tax positions taken by the Consolidated Entity. The Consolidated Entity has determined whether any tax positions have met the recognition threshold and has measured the Consolidated Entity's exposure to those tax positions. Management believes that the Consolidated Entity has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Consolidated Entity are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Revenue recognition

Revenue from grants is earned based on the satisfaction of conditions and terms outlined in the respective agreements.

Interest income is recognized when earned in accordance with the contractual terms of the loan agreements and promissory notes. Advance interest payments are deferred and classified as liabilities until earned.

Revenue resulting from special events, fees charged by the Organization, and other income is recognized when performance obligations are met.

Contributions

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Endowment contributions and investments are not restricted by the donor and are recorded in net assets without donor restrictions – board designated. Investment earnings are recorded in net assets without donor restrictions

Grant expense

Grants are recognized when all significant conditions are met, all due diligence has been completed and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the Organization receives or is notified of the refund.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, administrative and support, and fundraising services benefited. Such allocations are determined by management on an equitable basis.

SHAKESPEARE CENTER OF LOS ANGELES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(with comparative totals for September 30, 2023)

2. Summary of significant accounting policies (continued)

Functional expenses (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Interest	Purpose
Depreciation	Purpose
General and administrative	Time and effort
Repairs and maintenance	Purpose
Salaries and benefits	Time and effort
Professional services	Time and effort
Fundraising	Purpose
Advertising	Purpose

Change in accounting principle

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* to provide financial statement users with improved information about expected credit losses on financial assets, as well as improve users’ ability to understand the realizability of assets held at each reporting period.

The Entity adopted ASU 2016-13 effective October 1, 2023, and any necessary adjustment was recognized through a cumulative effect adjustment to retained earnings as of the effective date. Credit loss disclosures for the year ended September 30, 2023 are made under the prior guidance provided by FASB ASC 310.

With respect to measuring expected credit losses for the Organization’s loans receivable, ASU 2016-13 did not have a material impact on the financial statements.

Subsequent events

Subsequent events have been evaluated through August 11, 2025, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure.

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3. Liquidity and availability of financial assets

The following represents the Consolidated Entity's financial assets at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 908,626	\$ 804,747
Restricted cash	7,743,341	10,210,771
Accounts receivable	169,069	327,893
Grants receivable	183,000	183,000
Notes receivable	8,289,300	8,289,300
Prepaid expenses	<u>28,562</u>	<u>11,500</u>
Total financial assets	17,321,898	19,827,211
Less amounts not available to be used within one year:		
Grants receivable	-	183,000
Restricted cash	7,640,341	7,960,286
Notes receivable	<u>8,289,300</u>	<u>8,289,300</u>
Total assets not available	<u>15,929,641</u>	<u>16,432,586</u>
Financial assets available to meet general expenditures over the next twelve months:	<u>\$ 1,392,257</u>	<u>\$ 3,394,625</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses which is approximately \$300,000. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Organization currently has approximately 5 months of cash available to meet cash flow needs.

4. Restricted cash

The Shakespeare Center of Los Angeles

Disbursement account

Pursuant to the Loan Agreement dated August 1, 2023, upon the disbursements of the loans from LADF XXVIII, LLC ("LADF"), a disbursement account was established in accordance with the account pledge and control agreement, to be used for construction of the Property and the working capital reserve (the "Disbursement Account"). The Disbursement Account is pledged to the LADF for and as collateral for the loans. Effective February 5, 2024, the Organization and LADF agreed to transfer the funds from the Disbursement account into an investment account to earn interest. Base restricted cash in the Disbursement Account maintains its initial restrictions and interest earned is unrestricted and belongs to the Organization. As of September 30, 2024 and 2023, the balance in the investment account was \$7,125,855 and \$0, respectively.

CDE fee reserve account

Pursuant to the Loan Agreement dated August 1, 2023, upon the disbursements of the loans from LADF, LADF will withhold the sum of \$706,000, which will constitute a fee reserve, to enable the Organization to pay for certain fees and expenses as described in the new markets fee and expense agreement (the "CDE Fee Reserve Account"). The CDE Fee Reserve Account is pledged to LADF for and as collateral for the loans.

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4. Restricted cash (continued)

The Organization’s restricted cash balance as of September 30, 2024 and 2023 is comprised of the following:

	2024	2023
Disbursement account	\$ 7,127,341	\$ 9,504,771
CDE fee reserve account	616,000	706,000
Total restricted cash	\$ 7,743,341	\$ 10,210,771

5. Transactions with related parties

Grant expense

During the year ended September 30, 2023, the Organization received a grant in the amount of \$3,250,000 and then subsequently sub-granted that amount to SGLA. For the year ended September 30, 2023, Grant expense was included in Fundraising under the Organization and related grant revenue was included in Foundation and corporate support under SGLA in the consolidating statement of activities. Amounts related to this transaction were eliminated upon consolidation.

6. Notes receivable

Shakespeare Guild Los Angeles

Twain Investment Fund 728, LLC

Pursuant to the Promissory Note dated August 1, 2023, SGLA made a loan to Twain Investment Fund 728, LLC (“Twain IF”) in the principal amount of \$8,289,300 (“Twain Note”). Commencing on September 15, 2023 through September 15, 2030, interest only, at a rate of 1.00% per annum, is payable, partially in arrears and partially in advance, in quarterly installments on the 15th day of each March, June, September and December (“Twain Payment Dates”). Commencing on December 15, 2030 and continuing on the Twain Payment Dates through and including September 1, 2046 (the “Twain Note Maturity Date”), payments of principal and interest will be due and payable until the loan fully amortizes upon the Twain Note Maturity Date. The Twain Note is secured by the Pledged Collateral, as defined in the Pledge, Assignment and Security Agreement dated August 1, 2023.

As of September 30, 2024 and 2023, the note receivable balance was \$8,289,300 and there was no accrued interest receivable. For the years ended September 30, 2024 and 2023, interest income was \$100,082 and \$82,721, respectively, and the effective interest rate was 1.00% for both years.

Future principal payments on the note receivable are expected to be as follows:

Years ending September 30,			
2025	\$	-	
2026		-	
2027		-	
2028		-	
2029		-	
Thereafter		8,289,300	
Total	\$	8,289,300	

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7. Deferred revenue

The Organization received an advance grant in the 2023 fiscal year from the California Arts Council (“CAC”) in the amount of \$5,000,000, which is included in deferred revenue on the statement of financial position for that year. As set forth in the grant agreement, the funds are to be used in relation to the Property and capital campaign. As of the report date for that year, the Organization was working with CAC to reconsider or amend the related agreement due to a delay in the commencement of construction, therefore, the grant was recorded as a liability for the year ended September 30, 2023. For the year ended September 30, 2024, the grant conditions and terms were satisfied in accordance with the amended agreement effective February 9, 2024.

8. Notes payable

Shakespeare Center of Los Angeles

LADF XXVIII, LLC

LADF Loan A

Pursuant to the Promissory Note A dated August 1, 2023, the Organization secured a loan from LADF in the amount of \$8,289,300 (“LADF Loan A”). The LADF Loan A bears interest at a rate of 1.4564% per annum. Commencing on September 5, 2023 and through September 5, 2030, interest only shall be due and payable, partially in arrears and partially in advance, in quarterly installments on the fifth day of each March, June, September, and December (the “QLICI Payment Dates”). Commencing on December 5, 2030 and through August 1, 2053 (the “QLICI Maturity Date”), payments of principal and interest shall be due and payable, partially in arrears and partially in advance, in quarterly installments on the QLICI Payment Dates. The LADF Loan A is secured by the Closing Security Documents, as defined in the Loan Agreement dated August 1, 2023 (the “Security Documents”).

LADF Loan B

Pursuant to the Promissory Note B dated August 1, 2023, the Organization secured a loan from LADF in the amount of \$3,710,700 (“LADF Loan B”). The LADF Loan B bears interest at a rate of 1.4564% per annum. Commencing on September 5, 2023 and through September 5, 2030, interest only shall be due and payable, partially in arrears and partially in advance, in quarterly installments on the QLICI Payment Dates. Commencing on December 5, 2030 and through the QLICI Maturity Date, payments of principal and interest shall be due and payable, partially in arrears and partially in advance, in quarterly installments on the QLICI Payment Dates. The LADF Loan B is secured by the Security Documents.

As of September 30, 2024 and 2023, the notes payable balances were as follows:

	<u>2024</u>	<u>2023</u>
LADF Loan A	\$ 8,289,300	\$ 8,289,300
LADF Loan B	<u>3,710,700</u>	<u>3,710,700</u>
Total notes payable	12,000,000	12,000,000
Less: unamortized debt issuance costs	<u>(622,017)</u>	<u>(655,935)</u>
Total notes payable, net	<u>\$ 11,377,983</u>	<u>\$ 11,344,065</u>

As of September 30, 2024 and 2023, accrued interest payable was \$0 for both years. For the years ended September 30, 2024 and 2023, interest expense was \$203,896 and \$33,365, respectively, of which \$203,896 and \$29,128, respectively, was capitalized into fixed assets. For the years ended September 30, 2024 and 2023, debt issuance costs capitalized into fixed assets was \$33,918 and \$0, respectively.

SHAKESPEARE CENTER OF LOS ANGELES
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8. Notes payable (continued)

For the years ended September 30, 2024 and 2023, the effective interest rates were as follows:

	2024	2023
LADF Loan A	1.74%	1.74%
LADF Loan B	1.74%	1.74%

Future principal payments are expected to be as follows:

Years ending September 30,		
2025	\$	-
2026		-
2027		-
2028		-
2029		-
Thereafter		12,000,000
Total		\$ 12,000,000

9. Net assets

Net assets without donor restrictions

As of September 30, 2024 and 2023, net assets without donor restrictions was \$8,970,166 and \$4,320,591, respectively, and consisted of undesignated reserves.

Net assets with donor restrictions

As of September 30, 2024 and 2023, net assets with donor restrictions was \$558,361 and \$549,532, respectively, and consisted of funds with donor imposed time restrictions with most donor restrictions set to expire during the 2025 fiscal year.

10. Commitment and contingencies

New markets tax credits

On August 1, 2023, the QALICB secured the Qualified Low-Income Community Investment loans (the “QLICI loans”) from LADF. As a result of making the loans, U.S. Bancorp, a Minnesota corporation, is eligible for federal income tax credits under the New Markets Tax Credits (“NMTC”) program implemented by Congress in December 2000.

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(with comparative totals for September 30, 2023)

10. Commitment and contingencies (continued)

New markets tax credits (continued)

Pursuant to the Unconditional Guaranty of New Markets Tax Credits, Put Price, and Environmental Indemnification Agreement dated August 1, 2023 (the “Indemnification Agreement”), upon the occurrence of an event or condition that results in a recapture of all or any portion of NMTCs (“Recapture Event”), the Consolidated Entity (the “Indemnitor”) shall pay the NMTC Recapture Amount, as defined in the Indemnification Agreement, to U.S. Bancorp but only if and to the extent that such Recapture Event is the result of:

- i. The Organization isn’t or stops being a QALICB;
- ii. The QLICI Loans not being or ceasing to be QLICIs due to acts or omissions of any guarantor or affiliate thereof;
- iii. The redemption by LADF (within the meaning of Treasury Regulations Section 1.45D-1(e)(3)(iii)) or any portion of the Equity Investment, as defined in the Indemnification Agreement, caused directly or indirectly by the Organization’s violation of the CDE loan documents, as defined in the Indemnification Agreement;
- iv. The failure of any tenant or subtenant of the Project to be classified as a Qualified Business, as defined in the Indemnification Agreement;
- v. Any fraud, material misrepresentation, gross negligence, or willful misconduct of any Indemnitor or affiliates; or
- vi. Failure to spend the proceeds of the QLICI Loans within the portion of the Organization’s business that constitutes the Project Business.

As of September 30, 2024, no claims or payments had been made relative to the indemnity and the Consolidated Entity is not aware of the occurrence of any Recapture Event. The Consolidated Entity has determined the likelihood of a Recapture Event to be remote after considering related factors. Accordingly, no liability has been recorded relative to the indemnity.

Put/Call option

Pursuant to the Investment Fund Put and Call Agreement dated August 1, 2023, SGLA and U.S. Bancorp Community Development Corporation (“U.S. Bancorp”) entered into a put/call option agreement (the “Option Agreement”). SGLA grants the Put to U.S. Bancorp to sell its 100% interest in Twain IF to SGLA for the sum of \$1,000, the amount of all transfer or excise taxes imposed upon U.S. Bancorp in connection with the transfer of the interest, any amounts due and owing from SCLA, SGLA, and any respective affiliates, any accrued and unpaid annual management fee, and an amount equal to the aggregate amount of any expenses of the Twain IF other than company expenses. The Put may be exercised by U.S. Bancorp at any time commencing on either (i) August 1, 2030 or (ii) the occurrence of a Recapture Event, as defined in Note 11 (the “Twain IF Put Exercise Date”) and ending on the date that is one hundred eighty days after the Twain IF Put Exercise Date (the “U.S. Bancorp Put Option Period”). If U.S. Bancorp elects to sell the interest during the Twain IF Put Option Period, it shall give SGLA written notice of such election (the “Election Notice”). If U.S. Bancorp does not deliver an Election Notice to SGLA during the Twain IF Put Option Period, SGLA shall have the right and option to purchase the interest in the amount equal to the fair market value of the interest (the “Twain IF Call”). As of September 30, 2024, U.S. Bancorp has not exercised the Put, and SGLA has not exercised the Twain IF Call.



SUPPLEMENTARY INFORMATION

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
September 30, 2024
(with comparative totals as of September 30, 2023)

	SCLA	SGLA	Eliminations	Consolidated Total	
				2024	2023
ASSETS					
Current assets					
Cash and cash equivalents	\$ 786,812	\$ 121,814	\$ -	\$ 908,626	\$ 804,747
Prepaid expenses	28,562	-	-	28,562	11,500
Accounts receivable	148,346	20,723	-	169,069	69,893
Grants receivable - current	183,000	-	-	183,000	258,000
Investments	-	-	-	-	631
Total current assets	<u>1,146,720</u>	<u>142,537</u>	<u>-</u>	<u>1,289,257</u>	<u>1,144,771</u>
Noncurrent assets					
Restricted cash	7,743,341	-	-	7,743,341	10,210,771
Grants receivable - noncurrent	-	-	-	-	183,000
Due from related parties	-	-	-	-	-
Notes receivable	-	8,289,300	-	8,289,300	8,289,300
Fixed assets, net	4,748,901	-	-	4,748,901	1,787,428
Total noncurrent assets	<u>12,492,242</u>	<u>8,289,300</u>	<u>-</u>	<u>20,781,542</u>	<u>20,470,499</u>
Total assets	<u>\$ 13,638,962</u>	<u>\$ 8,431,837</u>	<u>\$ -</u>	<u>\$ 22,070,799</u>	<u>\$ 21,615,270</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 144,911	\$ 6,500	\$ -	\$ 151,411	\$ 87,455
Construction payable	969,999	-	-	969,999	205,015
Payroll liabilities payable	22,879	-	-	22,879	26,518
Total current liabilities	<u>1,137,789</u>	<u>6,500</u>	<u>-</u>	<u>1,144,289</u>	<u>318,988</u>
Noncurrent liabilities					
Deferred revenue	20,000	-	-	20,000	5,082,094
Due to related parties	-	-	-	-	-
Notes payable, net	11,377,983	-	-	11,377,983	11,344,065
Total noncurrent liabilities	<u>11,397,983</u>	<u>-</u>	<u>-</u>	<u>11,397,983</u>	<u>16,426,159</u>
Total liabilities	12,535,772	6,500	-	12,542,272	16,745,147
Net assets					
Without donor restrictions	544,829	8,425,337	-	8,970,166	4,320,591
With donor restrictions	558,361	-	-	558,361	549,532
Total net assets	<u>1,103,190</u>	<u>8,425,337</u>	<u>-</u>	<u>9,528,527</u>	<u>4,870,123</u>
Total liabilities and net assets	<u>\$ 13,638,962</u>	<u>\$ 8,431,837</u>	<u>\$ -</u>	<u>\$ 22,070,799</u>	<u>\$ 21,615,270</u>

see accompanying notes

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

	Without Donor Restrictions		With Donor	Eliminations	Consolidated Total	
	SCLA	SGLA	Restrictions SCLA		2024	2023
PUBLIC SUPPORT AND OTHER REVENUES						
Contributions of cash and other financial assets						
Public support:						
Contributions	\$ 98,436	\$ -	\$ -	\$ -	\$ 98,436	\$ 26,882
Government	465,526	-	-	-	465,526	612,553
Foundation and corporate	105,324	5,000,000	320,000	-	5,425,324	4,206,883
Total public support	669,286	5,000,000	320,000	-	5,989,286	4,846,318
Contributions of nonfinancial assets						
In-kind contributions	75,460	-	-	-	75,460	99,400
Total nonfinancial contributions	75,460	-	-	-	75,460	99,400
Other revenues:						
Ticket sales	-	-	-	-	-	181,968
Rental revenue	-	-	-	-	-	10,515
Interest income	212,946	100,082	-	-	313,028	153,003
Other income	97,993	-	-	-	97,993	3,828
Total other revenues	310,939	100,082	-	-	411,021	349,314
Net assets released from restrictions	311,171	-	(311,171)	-	-	-
Total revenue and other support	1,366,856	5,100,082	8,829	-	6,475,767	5,295,032
EXPENDITURES						
Program services	1,133,313	-	-	-	1,133,313	1,431,675
Administrative and support	402,375	7,141	-	-	409,516	336,304
Fundraising	274,534	-	-	-	274,534	299,657
Total expenditures	1,810,222	7,141	-	-	1,817,363	2,067,636
CHANGE IN NET ASSETS	(443,366)	5,092,941	8,829	-	4,658,404	3,227,396
NET ASSETS AT BEGINNING OF YEAR	988,195	3,332,396	549,532	-	4,870,123	1,642,727
NET ASSETS AT END OF YEAR	\$ 544,829	\$ 8,425,337	\$ 558,361	\$ -	\$ 9,528,527	\$ 4,870,123

SHAKESPEARE CENTER OF LOS ANGELES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)

	SCLA	SGLA	Eliminations	Consolidated Total	
				2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ (434,537)	\$ 5,092,941	\$ -	\$ 4,658,404	\$ 3,227,396
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:					
Depreciation expense	9,270	-	-	9,270	80,300
Changes in operating assets and liabilities:					
(Increase) decrease in prepaid expenses	(17,062)	-	-	(17,062)	38,500
Increase in accounts receivable	(78,453)	(20,723)	-	(99,176)	(172,622)
Decrease (increase) in grants receivable	258,000	-	-	258,000	(183,000)
Decrease in due from related parties	5,000,000	-	(5,000,000)	-	-
Increase (decrease) in accounts payable	57,456	6,500	-	63,956	(118,277)
(Decrease) increase in payroll liabilities payable	(3,639)	-	-	(3,639)	10,757
(Decrease) increase in deferred revenue	(5,062,094)	-	-	(5,062,094)	82,094
Decrease in due to related parties	-	(5,000,000)	5,000,000	-	-
Net cash (used in) provided by operating activities	(271,059)	78,718	-	(192,341)	2,965,148
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans made to borrower	-	-	-	-	(8,289,300)
(Purchase) sale of investments	631	-	-	631	4,775,494
Purchases of fixed assets	(2,171,841)	-	-	(2,171,841)	(403,698)
Net cash used in investing activities	(2,171,210)	-	-	(2,171,210)	(3,917,504)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of debt issuance costs	-	-	-	-	(655,935)
Proceeds from notes payable	-	-	-	-	12,000,000
Net cash provided by financing activities	-	-	-	-	11,344,065
Net change in cash, cash equivalents and restricted cash	(2,442,269)	78,718	-	(2,363,551)	10,391,709
Cash, cash equivalents and restricted cash at beginning of year	10,972,422	43,096	-	11,015,518	623,809
Cash, cash equivalents and restricted cash at end of year	<u>\$ 8,530,153</u>	<u>\$ 121,814</u>	<u>\$ -</u>	<u>\$ 8,651,967</u>	<u>\$ 11,015,518</u>
Cash and cash equivalents	786,812	121,814	-	908,626	804,747
Restricted cash	7,743,341	-	-	7,743,341	10,210,771
Total cash, cash equivalents and restricted cash	<u>\$ 8,530,153</u>	<u>\$ 121,814</u>	<u>\$ -</u>	<u>\$ 8,651,967</u>	<u>\$ 11,015,518</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid for interest capitalized into fixed assets	<u>\$ 203,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,896</u>	<u>\$ 29,128</u>
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,237</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES					
Increase in fixed assets due to construction payable	<u>\$ 764,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 764,984</u>	<u>\$ 205,015</u>
Increase in fixed assets due to debt issuance cost amortization	<u>\$ 33,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,918</u>	<u>\$ -</u>

see accompanying notes