

ODC AND ODC THEATER

(Nonprofit Public Benefit Corporations)

**Combined Financial Statements
and Supplemental Information**

With

Independent Auditor's Reports Thereon

DECEMBER 31, 2021 AND 2020

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS	
Combined Statements of Financial Position.....	4
Combined Statement of Activities 2021.....	5
Combined Statement of Activities 2020.....	6
Combined Statement of Functional Expenses 2021	7
Combined Statement of Functional Expenses 2020	8
Combined Statements of Cash Flows.....	9
Notes to Combined Financial Statements.....	10-22
SUPPLEMENTAL INFORMATION	
ODC Financial Statements	23-26
ODC Theater Financial Statements	27-30
Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	31-33
Schedule of Expenditures of Federal Awards.....	34
Notes to Schedule of Federal Awards.....	35
Schedule of Findings and Questioned Costs.....	36-37
OTHER REPORTS	
Independent Auditors’ Report on Internal Control Over Financial Reporting on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	38-39

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ODC and ODC Theater
San Francisco, California

Opinion

We have audited the accompanying combined financial statements of ODC and ODC Theater (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of ODC and ODC Theater as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ODC and ODC Theater 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Board of Directors
ODC and ODC Theater
San Francisco, California

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial statements presented on pages 23-26 are presented for purposes of additional analysis and are not required part of the basic 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 information has been subjected to the auditing procedures applied in the audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
ODC and ODC Theater
San Francisco, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 information has been subjected to the auditing procedures applied in the audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

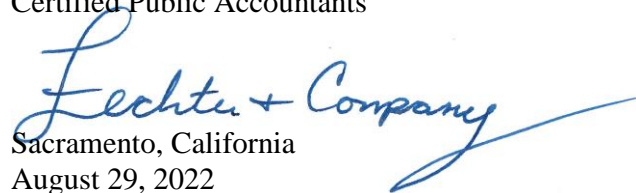
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of ODC and ODC Theater’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ODC and ODC Theater’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ODC and ODC Theater’s internal control over financial reporting and compliance.

Other Matter or Report on Comparative Information

ODC and ODC Theater’s combined 2020 financial statements were audited by a predecessor auditor. An unmodified opinion was expressed by the predecessor auditor with a date of July 1, 2021. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fechter & Company
Certified Public Accountants


Sacramento, California
August 29, 2022

ODC & ODC THEATER
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT:		
Cash and cash equivalents	\$ 2,755,734	\$ 1,197,667
Investments	1,683,707	3,005,258
Accounts receivable, net	44,767	21,774
Grants and pledges receivable, current portion, net	503,028	909,081
Prepaid expenses	48,845	81,597
Inventory	12,184	15,844
	5,048,265	5,231,221
Property and equipment, net	9,421,377	9,921,805
Grants and pledges receivable, long-term portion	193,400	201,500
Deposits	6,000	-
Endowments	5,128,601	2,915,876
	\$ 19,797,643	\$ 18,270,402
	\$ 19,797,643	\$ 18,270,402
LIABILITIES AND NET ASSETS		
CURRENT:		
Accounts payable and accrued liabilities	\$ 456,623	\$ 250,075
Deferred revenue	391,143	295,959
Deposits held for others	14,000	11,000
Note payable, current portion	200,000	25,000
PPP loan payable	525,510	711,555
	1,587,276	1,293,589
LONG-TERM:		
Notes payable, long-term portion	-	175,000
	1,587,276	1,468,589
NET ASSETS:		
Without donor restrictions:		
Designated fund	10,985,986	12,326,074
Undesignated	58,091	17,305
	11,044,077	12,343,379
With donor restrictions:		
Specific in nature	3,612,440	1,542,558
Permanent restriction	3,553,850	2,915,876
	7,166,290	4,458,434
	18,210,367	16,801,813
Total Liabilities and Net Assets	\$ 19,797,643	\$ 18,270,402
	\$ 19,797,643	\$ 18,270,402

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

**ODC & ODC THEATER
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED
DECEMBER 31, 2021**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Designated Fund		
REVENUE				
Performances	\$ 115,814	\$ -	\$ -	\$ 115,814
Interest and dividend income	-	59,501	129,225	188,726
Theater revenue	205,788	-	-	205,788
School revenue	819,306	-	-	819,306
Merchandise and concession	2,083	-	-	2,083
Space rental	40,744	-	-	40,744
Unrealized gain on investments	-	218,805	508,865	727,670
Other revenue and fees	9,966	2	4	9,972
Total Revenue	1,193,701	278,308	638,094	2,110,103
PUBLIC SUPPORT				
Government grants	140,300	-	2,370,989	2,511,289
Foundation grants	680,100	-	428,500	1,108,600
Corporate contributions	43,713	-	4,004	47,717
Individual contributions	1,018,853	(1,036,000)	1,287,350	1,270,203
In-kind	95,043	-	-	95,043
Total Public Support	1,978,009	(1,036,000)	4,090,843	5,032,852
Total Revenue and Support	3,171,710	(757,692)	4,728,937	7,142,955
Net assets released from restriction and designation	2,021,081	-	(2,021,081)	-
Total Revenue and Public Support	5,192,791	(757,692)	2,707,856	7,142,955
EXPENSES				
Program	4,178,140	496,013	-	4,674,153
General and administrative	1,275,278	86,383	-	1,361,661
Fundraising	414,955	-	-	414,955
Total Expenses	5,868,373	582,396	-	6,450,769
Change in net assets from operations	(675,582)	(1,340,088)	2,707,856	692,186
NON-OPERATING ACTIVITIES				
Gain on forgiven PPP loan (note 10)	716,368	-	-	716,368
Change in net assets from non-operations	716,368	-	-	716,368
Total Change in net assets	40,786	(1,340,088)	2,707,856	1,408,554
Net assets, beginning of year	17,305	12,326,074	4,458,434	16,801,813
Net assets, end of year	\$ 58,091	\$ 10,985,986	\$ 7,166,290	\$ 18,210,367

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

**ODC & ODC THEATER
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED
DECEMBER 31, 2020**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Designated Fund		
REVENUE				
Performances	\$ 36,315	\$ -	\$ -	\$ 36,315
Interest and dividend income	-	40,347	76,365	116,712
Theater revenue	139,298	-	-	139,298
School revenue	1,115,380	-	-	1,115,380
Merchandise and concession	2,359	-	-	2,359
Space rental	45,777	-	-	45,777
Unrealized gain on investments	-	118,649	273,085	391,734
Other revenue and fees	8,355	-	-	8,355
Total Revenue	1,347,484	158,996	349,450	1,855,930
PUBLIC SUPPORT				
Government grants	137,100	-	163,000	300,100
Foundation grants	959,600	-	834,500	1,794,100
Corporate contributions	65,192	500	4,450	70,142
Individual contributions	1,195,488	50,579	190,867	1,436,934
In-kind	28,175	-	-	28,175
Total Public Support	2,385,555	51,079	1,192,817	3,629,451
Total Revenue and Support	3,733,039	210,075	1,542,267	5,485,381
Net assets released from restriction and designation	977,773	(230,001)	(747,772)	-
Total Revenue and Public Support	4,710,812	(19,926)	794,495	5,485,381
EXPENSES				
Program	3,273,354	545,182	-	3,818,536
General and administrative	1,131,826	61,610	-	1,193,436
Fundraising	299,863	-	-	299,863
Total Expenses	4,705,043	606,792	-	5,311,835
Change in net assets from operations	5,769	(626,718)	794,495	173,546
Net assets, beginning of year	11,536	12,952,792	3,663,939	16,628,267
Net assets, end of year	<u>\$ 17,305</u>	<u>\$ 12,326,074</u>	<u>\$ 4,458,434</u>	<u>\$ 16,801,813</u>

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

**ODC & ODC THEATER
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets from Operating Activities	\$ 692,186	\$ 173,546
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	551,126	549,063
Unrealized gain on investments	(727,670)	(394,734)
(Increase) decrease in grants, pledges, and accounts receivable	391,160	197,693
(Increase) decrease in other current assets	36,412	(39,655)
Increase (decrease) in accounts payable and accrued liabilities	206,548	(38,206)
Increase (decrease) in deposits held for others	3,000	4,000
Increase (decrease) in deferred revenue	95,184	(39,689)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,247,946	412,018
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Payments) receipts for deposits	(6,000)	33,638
Purchases of investments, net of sales	(158,691)	(795,090)
Purchase of furniture and equipment	(50,698)	(29,482)
NET CASH USED IN INVESTING ACTIVITIES	(215,389)	(790,934)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Funds received from note payable	-	200,000
Funds received from PPP loan	525,510	711,555
NET CASH PROVIDED BY FINANCING ACTIVITIES	525,510	911,555
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,558,067	532,639
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,197,667	665,028
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,755,734	\$ 1,197,667

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

ODC & ODC THEATER
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
DECEMBER 31, 2021

	Program	General and Administrative	Fundraising	Total
Personnel	\$ 2,615,802	\$ 736,592	\$ 216,640	\$ 3,569,034
Production	644,987	6,359	138,710	790,056
Digital	236,020	-	-	236,020
Marketing	114,507	36,579	21,909	172,995
Operating	268,398	409,062	36,246	713,706
Depreciation	496,013	55,113	-	551,126
Professional services	149,036	116,325	1,450	266,811
Cost of merchandise sold	2,030	1,631	-	3,661
Rhythm and motion expense	147,360	-	-	147,360
TOTAL OPERATING EXPENSES	\$ 4,674,153	\$ 1,361,661	\$ 414,955	\$ 6,450,769

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

ODC & ODC THEATER
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
DECEMBER 31, 2020

	Program	General and Administrative	Fundraising	Total
Personnel	\$ 2,554,918	\$ 596,832	\$ 174,114	\$ 3,325,864
Production	221,402	1,344	52,389	275,135
Marketing	140,645	13,470	8,114	162,229
Operating	176,524	516,890	37,676	731,090
Depreciation	506,933	42,130	-	549,063
Professional services	79,801	22,770	27,570	130,141
Cost of merchandise sold	2,935	-	-	2,935
Rhythm and motion expense	135,378	-	-	135,378
TOTAL OPERATING EXPENSES	\$ 3,818,536	\$ 1,193,436	\$ 299,863	\$ 5,311,835

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

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

ODC (Organization) is a nonprofit public benefit corporation, incorporated in 1976 to present performances of original dance works and to extend awareness of and participation in dance through education and training programs.

ODC is comprised of a company, school, theater, and general administrative offices, which are known collectively as ODC. ODC is in residence at the ODC Dance Commons and ODC Theater, two multi-use performing and training facilities. ODC operates under the names ODC Dance, ODC School, and ODC San Francisco.

ODC Theater is a nonprofit public benefit corporation, incorporated in 2001 under the group exemption of ODC, to empower and develop innovative artists.

The financial statements include the combined balances and activities of ODC and ODC Theater.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization 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 Organization. These net assets may be used at the discretion of the Organization'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; those restrictions will be met by actions of the Organization 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 statements of activities.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Principles of Consolidation

The combined financial statements include the accounts of ODC and ODC Theater, which are 100% consolidated in the financial statements. All material inter-company accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long-term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments measured using Level 1 inputs. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. ASC 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Quoted prices for identical assets in active markets.

Level 2 – Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is comprised of program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method. Management performs periodic assessments to determine the existence of obsolete, slow moving, and non-salable inventories, and records necessary provisions to reduce such inventories to net realizable value.

Fixed Assets

Fixed asset additions exceeding \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Property and equipment purchases are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Useful lives are between three and thirty years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Designated Fund

The designated fund represents the depreciated value of real property, furniture and equipment, reserves for building maintenance, artistic venture fund, and board designated funds. At December 31, 2021 and 2020, the balance of the designated fund is \$10,985,986 and \$12,626,074, respectively.

Accounts Receivable

Accounts receivable consist primarily of amounts due for services provided. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. As such, no allowance for doubtful accounts was deemed necessary for the year ended December 31, 2021 and 2020.

Grants and Pledges Receivable

Grants and pledges receivable consist primarily of unconditional promises to give, pledges, grants, and other contributions. Amounts expected to be collected in future years are initially recorded at face value as the discount, if imputed, would be immaterial to these financial statements taken as a whole.

The Organization determines the allowance for uncollectable grants and pledges receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2021 and 2020, the allowance for uncollectible pledges receivable is \$8,865 and \$8,365, respectively.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Revenue

ODC is supported through public support, tuition, ticket sales, and performances.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Performance, school, and theater revenue are recognized as services or use of space are provided. Amounts received (e.g., advance ticket sales and tuition) but not yet earned are reported as deferred revenue in the accompanying combined statement of financial position.

Donated Services and In-kind Contributions

ODC records donated facilities use, supplies, and services at their estimated fair value on the date of receipt, if they meet the criteria for recognition. In-kind revenue and expense are \$95,043 (\$58,043 in services, and \$37,000 in donated use of facilities), for the year ended December 31, 2021, as reflected in the accompanying combined statement of activities. In-kind revenue and expense are \$28,175 (\$13,073 in services, \$8,102 in goods, and \$7,000 in donated use of facilities), for the year ended December 31, 2020, as reflected in the accompanying combined statement of activities.

Tax Exemption Status

ODC is exempt from income tax under IRC section 501(c)(3) and Section 23701d of the State of California Revenue and Taxation Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. ODC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. ODC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. ODC's returns are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited either based upon square footage or personnel time records.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing

ODC recognized marketing and advertising expenditures of \$172,995 and \$162,229 for the year ended December 31, 2021 and 2020, respectively.

Comparative Financial Information and Reclassifications

The accompanying combined financial statements include prior-year comparative information. Certain reclassifications of amounts previously reported have been made to the accompanying combined financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited combined financial statements for the year ended December 31, 2020.

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

NOTE C – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject ODC to concentrations of credit risk consist of cash and cash equivalents accounts in financial institutions. Cash and cash equivalents, exceeding federally insured limits totaled \$2,202,742 and \$664,947 at December 31, 2021 and 2020, respectively. To date, the Organization has not experienced losses in any of these accounts, and the liquidity of the financial institution is monitored by management. Additionally, the Finance Committee of the Board monitors the credit worthiness of the financial institutions where these deposits are located.

During the year ended December 31, 2021, one donor represented 38% of revenue and two donors accounted for 71% (44% and 27%) of total receivables. At December 31, 2020, three donors accounted for 84% (45%, 21%, and 18%) of total receivables.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE D – ACCOUNTS, GRANTS, AND PLEDGES RECEIVABLE

At December 31, 2021, accounts, grants, and pledges receivable are expected to be received as follows:

<u>Amount Due</u>	<u>Grants and Gifts</u>	<u>Accounts Receivable</u>	<u>Total</u>	<u>2020</u>
ODC - current	\$ 454,738	\$ 40,464	\$ 495,202	\$ 853,828
ODC Theater - current	48,290	4,303	52,593	77,027
Total Current	<u>503,028</u>	<u>44,767</u>	<u>547,795</u>	<u>930,855</u>
ODC - 2 to 5 years	<u>193,400</u>	<u>-</u>	<u>193,400</u>	<u>201,500</u>
Total Receivables	<u>\$ 696,428</u>	<u>\$ 44,767</u>	<u>\$ 741,195</u>	<u>\$ 1,132,355</u>

At December 31, 2020, accounts, grants, and pledges receivable were expected to be received as follows:

<u>Amount Due</u>	<u>Grants and Gifts</u>	<u>Accounts Receivable</u>	<u>Total</u>
ODC - current	\$ 834,327	\$ 19,501	\$ 853,828
ODC Theater - current	74,754	2,273	77,027
Total current	<u>909,081</u>	<u>21,774</u>	<u>930,855</u>
ODC - 2 to 5 years	<u>201,500</u>	<u>-</u>	<u>201,500</u>
Total Receivables	<u>\$ 1,110,581</u>	<u>\$ 21,774</u>	<u>\$ 1,132,355</u>

NOTE E – INVESTMENTS AND ENDOWMENTS

The composition and fair value of cash and investments held in investment accounts at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
<u>Short-Term Investments</u>		
Cash held in investment accounts	\$ 94,642	\$ 33,742
Equities	4,810,488	3,733,855
Fixed income	1,530,063	1,868,160
Commodities	<u>377,115</u>	<u>285,376</u>
Total Investments	<u>\$ 6,812,308</u>	<u>\$ 5,921,133</u>

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE E – INVESTMENTS AND ENDOWMENTS (Continued)

Investment activity for the years ended December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Investments, beginning of year	\$ 5,921,133	4,731,310
Additions, net of withdrawals	-	700,000
Unrealized gain (loss)	734,214	394,734
Interest and dividends	181,952	113,548
Fees	<u>(24,991)</u>	<u>(18,459)</u>
Investments, End of Year	<u>\$ 6,812,308</u>	<u>\$ 5,921,133</u>

NOTE F – FIXED ASSETS

Real property, furniture, and equipment at December 31, 2021 and 2020 are listed below:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,741,629	\$ 1,741,629
Building and improvements	14,020,501	14,020,501
Furniture, fixtures, and equipment	2,852,380	2,926,347
Sets and costumes	81,508	81,508
Total	<u>18,696,018</u>	<u>18,769,985</u>
Less: Accumulated depreciation	<u>(9,274,641)</u>	<u>(8,848,180)</u>
Real property, furniture and equipment, net	<u>\$ 9,421,377</u>	<u>\$ 9,921,805</u>

Depreciation expense was \$551,126 and \$549,063, for the years ended December 31, 2021 and 2020, respectively.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE G – DEFERRED REVENUE

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2021.

	<u>Deferred at 12/31/2020</u>	<u>Revenue Recognized</u>	<u>Deferred for Future</u>	<u>Deferred at 12/31/2021</u>
Class sales	\$ 249,303	\$ (249,303)	\$ 366,340	\$ 366,340
Rentals	18,615	(18,615)	3,516	3,516
Pre-ticket sales	<u>28,041</u>	<u>(28,041)</u>	<u>21,287</u>	<u>21,287</u>
Total	<u>\$ 295,959</u>	<u>\$ (295,959)</u>	<u>\$ 391,143</u>	<u>\$ 391,143</u>

NOTE H – LINE OF CREDIT

ODC has a \$500,000 secured revolving line of credit with a National bank, which expires in December 2021. Borrowings bear interest at the prime rate (set by the funder) plus 1.00%, with a floor of 5.5%. There were no outstanding draws under the line of credit at December 31, 2021 and 2020, respectively.

NOTE I – PPP LOAN PAYABLE

In April 2020, the Organization received \$711,555 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The PPP carries an interest rate of 1% and becomes payable two years after issuance. In June 2021, the Organization received forgiveness of \$716,368 including interest and included as non-operating revenue in the statement of net activities.

In March 2021, the Organization received a second PPP loan of \$525,510. The PPP carries an interest rate of 1% and becomes payable two years after issuance. The Organization received forgiveness on this loan in 2022 (see note R).

NOTE J – NOTE PAYABLE

In June 2020, the Organization borrowed \$200,000 from a nonprofit finance fund which does not accrued interest. The unsecured loan matures June 17, 2022. The interest rate, if imputed, would be immaterial to these financial statements taken as a whole and thus ODC has not discounted the note payable.

ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE K – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 2,755,734
Accounts receivable	44,767
Grants and pledges receivable	503,028
Investments	<u>1,683,707</u>
	<u>4,987,236</u>
Less amounts not available to be used within one year:	
Liquid portion of designated funds established by the Board	(1,564,609)
Net assets with purpose restrictions to be met in one year	<u>(3,073,689)</u>
	<u>(4,638,298)</u>
Total financial assets available for general expenditures	<u>\$ 348,938</u>

ODC's board-designated funds are \$10,985,986 at December 31, 2021, of which \$9,421,377 is the net real property, furniture, and equipment plus \$1,564,609 in the Artistic Venture Fund (a 10-year spend-down, Board designated fund). Although ODC does not intend to spend from this board-designated fund (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. In addition, to help manage liquidity needs, ODC has a committed line of credit in the amount of \$500,000 which it could draw upon.

ODC's permanent endowment fund consists of donor-restricted funds to maintain the physical facilities of ODC's Mission District Campus in San Francisco (see Note P). The principal of ODC's permanent endowment is not available for general and operating expenditures.

NOTE L – EMPLOYEE BENEFITS

The Organization accrues vacation expense for full-time staff members. Total accrued vacation payable liability at December 31, 2021 and 2020, is \$102,030 and \$88,022, respectively, and is reflected in the accrued expenses in the accompanying combined statement of financial position.

During the year ended December 31, 2020, the Organization adopted a 403(b) plan for eligible employees. The plan does not provide for required contributions.

NOTE M – CONTINGENCIES AND COMMITMENTS

Grant awards require the fulfillment of certain conditions as set forth in the instruments of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. ODC deems this contingency remote since by accepting the grants it is compelled to adjust its objectives and policies to accommodate the terms of the grants. Management believes ODC has complied with the terms of all grants.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE M – CONTINGENCIES AND COMMITMENTS (Continued)

During 2019, ODC entered into a written agreement to license the Rhythm and Motion (R&M) Dance Workout program. ODC agreed to pay R&M the amount of the gross income from the Dance Workout Program net of a monthly fixed fee for all services associated with hosting the Dance Workout program at the ODC facilities. Total expense for the year ended December 31, 2021 and 2020, was \$137,437 and \$135,378, respectively.

The Organization leases various equipment and storage space with leases running through 2026. Future minimum operating lease payments are as follows:

<u>Year Ended December 31,</u>	
2022	\$ 72,776
2023	72,000
2024	72,000
2025	72,000
2026	<u>30,000</u>
	<u>\$ 318,776</u>

In fiscal years 2021 and 2020, ODC made lease payments of \$78,763 and \$67,22520, respectively.

NOTE N – NET ASSETS WITHOUT DONOR RESTRICTIONS – DESIGNATED FUND

The net assets without donor restriction that have been designated by the Organization are comprised of the following items at December 31:

	<u>2021</u>	<u>2020</u>
Fixed assets	\$ 9,421,377	\$ 9,921,805
Artistic venture fund	<u>1,564,609</u>	<u>2,404,269</u>
Total Designated Funds	<u>\$ 10,985,986</u>	<u>\$ 12,326,074</u>

The Artistic Venture Fund is a 10-year spend-down fund which is intended to replenish and expand the Artistic Venture and Innovation Fund to underwrite new work, help subsidize rental costs for artists using ODC facilities, address succession planning, and provide seed money for promising new initiatives.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE O – NET ASSETS WITH DONOR RESTRICTIONS

The nature and amount of net assets with donor restrictions at December 31 is as follows:

	<u>December 31, 2020</u>	<u>Income</u>	<u>Release from Restriction</u>	<u>December 31, 2021</u>
<u>ODC</u>				
<u>Nature of Restriction</u>				
Programmatic purposes	\$ 66,480	\$ 1,601,258	\$ (1,009,605)	\$ 658,133
Time restriction	1,206,244	124,255	(731,910)	598,589
<u>Permanently Restricted</u>				
Endowment	2,915,876	2,212,725	-	5,128,601
Total ODC	<u>4,188,600</u>	<u>3,938,238</u>	<u>(1,741,515)</u>	<u>6,385,323</u>
<u>ODC Theater</u>				
<u>Nature of Restriction</u>				
Programmatic purposes	151,334	566,554	(145,732)	572,156
Time restriction	118,500	224,145	(133,834)	208,811
Total ODC Theater	<u>269,834</u>	<u>790,699</u>	<u>(279,566)</u>	<u>780,967</u>
Grand Total	<u>\$ 4,458,434</u>	<u>\$ 4,728,937</u>	<u>\$ (2,021,081)</u>	<u>\$ 7,166,290</u>

NOTE P – ENDOWMENT NET ASSETS

The Organization created *The Way Forward* endowment campaign in 2016. The goal of the campaign is to raise \$14 million to create a \$10 million permanent endowment fund and a \$4 million ten-year spend down fund which is included in the financial statements as the Artistic Venture Fund (see note N). At December 31, 2021 and 2020, the endowment balance was as follows:

	<u>2021</u>	<u>2020</u>
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	3,438,011	2,402,011
Accumulated investment gains	1,690,590	513,865
Term endowment	-	-
Total funds	<u>\$ 5,128,601</u>	<u>\$ 2,915,876</u>

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE P – ENDOWMENT NET ASSETS (Continued)

The activity for the year ended December 31, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Permanent endowment, beginning of year	\$ 2,915,876	\$ 2,646,425
Contributions	1,036,000	-
Earnings	129,229	76,366
Unrealized gain	1,047,496	273,085
Building maintenance fund withdrawal	-	(80,000)
	<u>\$ 5,128,601</u>	<u>\$ 2,915,876</u>

The Board of Directors has determined it holds assets which meet the definition of endowment funds under the California Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained permanently. The value of assets in excess of original gifts in donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditures by ODC.

In accordance with UPMIFA, ODC considers the following factors in making a determination as to the appropriation of assets for expenditures:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). ODC has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021, there were no underwater endowment funds.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Combined Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE P – ENDOWMENT NET ASSETS (Continued)

Investment and Spending Policies

The ODC Board of Directors adopted an Investment Policy Statement in 2020 to govern the investment practices of the assets in the Endowment and the Artistic Venture Fund. The assets will be managed on a total return basis while taking into account the level of liquidity required. The objective is to preserve and enhance the real purchasing power of the investment assets over time while providing a predictable contribution. The expected return objective, measured over rolling three-year periods, is to provide an annualized total return, net of fees, of 2% over the rate of inflation (as measured by the Consumer Price Index (“CPI”)).

The ODC Board of Directors sets the spending policy of the Endowment to maintain the physical facilities of ODC’s Mission District Campus in San Francisco. The expected annual draw rate from the Endowment is 2%-5% multiplied by the average value at the 8 most recent quarter-ends, excluding quarter-ends in 2018 or earlier.

NOTE Q – COVID CONSIDERATIONS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. During the year ended December 31, 2021, the Organization had a loss in tuition and theater revenue due to the closures as well as a reduced capacity to provide social distancing when open. The impact to future operations has yet to be determined.

NOTE R – SUBSEQUENT EVENT

In April 2022, the Organization PPP loan of \$525,510 was forgiven in full.

In June 2022, ODC entered into a purchase agreement with the intent to expand their facilities through obtaining grants, donations and a loan. Although the purchase has not finalized, a non-refundable deposit of \$300,000 was provided. The impact of this purchase on future operations and financial position cannot be estimated at this time

Management has evaluated subsequent events for recognition and disclosure through August 29, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred, other than what is disclosed above, since December 31, 2021 that required recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

ODC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT:		
Cash and cash equivalents	\$ 1,894,940	\$ 995,469
Investments	1,683,707	3,005,257
Accounts receivable, net	40,464	19,747
Grants and pledges receivable, current portion, net	454,738	834,081
Prepaid expenses	48,845	58,850
Inventory	12,184	15,844
	4,134,878	4,929,248
 Total current assets	 4,134,878	 4,929,248
Property and equipment, net	9,421,377	9,921,804
Grants and pledges receivable, long-term portion	193,400	201,500
Deposits	6,000	-
Endowment	5,128,601	2,915,876
	5,128,601	2,915,876
 Total Assets	 \$ 18,884,256	 \$ 17,968,428
LIABILITIES AND NET ASSETS		
CURRENT:		
Accounts payable and accrued liabilities	278,035	173,068
Deferred revenue	383,546	266,846
Note payable, current portion	200,000	25,000
	200,000	25,000
 Total current liabilities	 861,581	 464,914
LONG-TERM:		
Notes payable, long-term portion	-	175,000
PPP loan payable	525,510	711,555
	525,510	711,555
 Total Liabilities	 1,387,091	 1,351,469
NET ASSETS:		
Without donor restrictions:		
Designated fund	10,985,986	12,326,074
Undesignated	125,856	102,283
	11,111,842	12,428,357
With donor restrictions:		
Specific in nature	2,831,473	1,272,724
Permanent restriction	3,553,850	2,915,878
	6,385,323	4,188,602
 Total Net Assets	 17,497,165	 16,616,959
 Total Liabilities and Net Assets	 \$ 18,884,256	 \$ 17,968,428

ODC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	Without Donor Restrictions			Total All Funds	
	Designated		With Donor Restrictions	Year Ended December 31,	
	General	Fund			2021
REVENUE					
Performances	\$ 115,814	\$ -	\$ -	\$ 115,814	\$ 36,315
Interest and dividend income	-	59,501	129,225	188,726	112,924
School revenue	819,306	-	-	819,306	1,115,380
Merchandise and concession	2,083	-	-	2,083	2,359
Space rental	40,744	-	-	40,744	44,677
Unrealized gain on investments	-	218,805	508,865	727,670	395,522
Other revenue and fees	9,966	2	4	9,972	9,455
Total Revenue	987,913	278,308	638,094	1,904,315	1,716,632
PUBLIC SUPPORT					
Government grants	81,155	-	1,790,290	1,871,445	210,100
Foundation grants	656,500	-	218,500	875,000	1,693,100
Corporate contributions	43,713	-	4,004	47,717	70,042
Individual contributions	992,601	(1,036,000)	1,287,350	1,243,951	1,422,159
In-kind	93,793	-	-	93,793	27,175
Total Public Support	1,867,762	(1,036,000)	3,300,144	4,131,906	3,422,576
Total Revenue and Support	2,855,675	(757,692)	3,938,238	6,036,221	5,139,208
Subsidy to Theater	(200,000)	-	-	(200,000)	(230,000)
Net assets released from restriction and designation	1,741,515	-	(1,741,515)	-	-
Total Revenue and Public Support	4,397,190	(757,692)	2,196,723	5,836,221	4,909,208
EXPENSES					
Program	3,556,042	496,013	-	4,052,055	3,397,153
General and administrative	1,132,278	86,383	-	1,218,661	1,087,095
Fundraising	401,665	-	-	401,665	238,969
Total Expenses	5,089,985	582,396	-	5,672,381	4,723,217
Change in net assets from operating activities	(692,795)	(1,340,088)	2,196,723	163,840	185,991
NON-OPERATING ACTIVITIES					
Gain on forgiven PPP loan (note 10)	716,368	-	-	716,368	-
Change in net assets from non-operations	716,368	-	-	716,368	-
Total change in net assets from activities	23,573	(1,340,088)	2,196,723	880,208	185,991
Net assets, beginning of year	102,283	12,326,074	4,188,600	16,616,957	16,430,967
Net assets, end of year	\$ 125,856	\$ 10,985,986	\$ 6,385,323	\$ 17,497,165	\$ 16,616,958

ODC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets from Operating Activities	\$ 163,840	\$ 185,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	488,500	489,063
Facility use fee from Theater (Depreciation)	62,626	60,000
Unrealized gain on investments	(727,670)	(394,734)
Decrease in grants, pledges, and accounts receivable	366,726	167,340
Decrease (Increase) in other current assets	13,665	(23,174)
Increase (decrease) in accounts payable and accrued liabilities	104,967	(65,249)
Increase (decrease) in deferred revenue	116,700	(31,995)
NET CASH PROVIDED BY OPERATING ACTIVITIES	589,354	387,242
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in deposits	(6,000)	33,638
Increase in investments	(158,694)	(795,090)
Increase in furniture and equipment	(50,699)	(29,482)
NET CASH USED IN INVESTING ACTIVITIES	(215,393)	(790,934)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Funds received from note payable	-	200,000
Funds received from PPP loan	525,510	711,555
NET CASH USED IN FINANCING ACTIVITIES	525,510	911,555
NET INCREASE IN CASH AND CASH EQUIVALENTS	899,471	507,863
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	995,469	487,606
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,894,940	\$ 995,469

ODC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
DECEMBER 31, 2021

	Program	General and Administrative	Fundraising	Total All Funds	
				Year Ended December 31	
				2021	2020
Personnel	\$ 2,375,467	\$ 629,264	\$ 204,715	\$ 3,209,446	\$ 2,927,185
Production	388,192	6,359	138,710	533,261	195,500
Digital	222,821	-	-	222,821	-
Marketing	77,666	36,579	21,909	136,154	148,712
Operating	260,208	402,478	34,881	697,567	719,617
Depreciation	452,175	36,325	-	488,500	489,063
Professional services	126,136	106,025	1,450	233,611	104,827
Cost of merchandise sold	2,030	1,631	-	3,661	2,935
Rhythm and motion expense	147,360	-	-	147,360	135,378
TOTAL OPERATING EXPENSES	\$ 4,052,055	\$ 1,218,661	\$ 401,665	\$ 5,672,381	\$ 4,723,217

ODC THEATER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT:		
Cash and cash equivalents	\$ 860,794	\$ 202,198
Accounts receivable, net	4,303	2,273
Grants and pledges receivable, current portion, net	48,290	74,754
Prepaid expenses	-	22,750
	913,387	301,975
Total current assets	913,387	301,975
Total Assets	\$ 913,387	\$ 301,975
LIABILITIES AND NET ASSETS		
CURRENT:		
Accounts payable and accrued liabilities	\$ 178,588	\$ 77,006
Deferred revenue	7,597	29,113
Deposits held for others	14,000	11,000
	200,185	117,119
Total current liabilities	200,185	117,119
Total Liabilities	200,185	117,119
NET ASSETS:		
Without donor restrictions:	(82,765)	(84,978)
With donor restrictions:	795,967	269,834
	713,202	184,856
Total Net Assets	713,202	184,856
Total Liabilities and Net Assets	\$ 913,387	\$ 301,975

ODC THEATER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	Without Donor Restrictions		Total All Funds	
	General	With Donor Restrictions	Year Ended December 31,	
			2021	2020
REVENUE				
Theater revenue	\$ 156,047	\$ -	\$ 156,047	\$ 96,426
Merchandise and concession	-	-	-	847
Performance rental	39,479	-	39,479	41,778
Other revenue and fees	10,262	-	10,262	247
Total Revenue	205,788	-	205,788	139,298
PUBLIC SUPPORT				
Government grants	59,145	580,699	639,844	90,000
Foundation grants	23,600	210,000	233,600	101,000
Corporate contributions	-	-	-	100
Individual contributions	26,252	-	26,252	14,776
In-kind	1,250	-	1,250	1,000
Total Public Support	110,247	790,699	900,946	206,876
Total Revenue and Support	316,035	790,699	1,106,734	346,174
Subsidy to Theater	200,000		200,000	230,000
Net assets released from restriction and designation	264,566	(264,566)	-	-
Total Revenue and Public Support	780,601	526,133	1,306,734	576,174
EXPENSES				
Program	622,098		622,098	421,383
General and administrative	143,000		143,000	106,341
Fundraising	13,290		13,290	60,894
Total Expenses	778,388	-	778,388	588,618
Change in net assets	2,213	526,133	528,346	(12,444)
Net assets, beginning of year	(84,978)	269,834	184,856	197,300
Net assets, end of year	\$ (82,765)	\$ 795,967	\$ 713,202	\$ 184,856

ODC THEATER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 528,346	\$ (12,444)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Facility use fee charged to Theater	62,626	60,000
Subsidy from ODC SF	(62,626)	(60,000)
(Increase) decrease in grants, pledges, and accounts receivable	24,434	30,352
(Increase) decrease in other current assets	22,750	(16,481)
Increase (decrease) in accounts payable and accrued liabilities	101,582	27,043
Increase (decrease) in deposits held for others	3,000	4,000
Increase (decrease) in deferred revenue	(21,516)	(7,694)
	658,596	24,776
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	658,596	24,776
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	202,198	177,422
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	\$ 860,794	\$ 202,198
CASH AND CASH EQUIVALENTS, END OF YEAR		
	\$ 860,794	\$ 202,198

ODC THEATER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
DECEMBER 31, 2021

	Program	General and Administrative	Fundraising	Total All Funds	
				Year Ended December 31	
				2021	2020
Personnel	\$ 240,334	\$ 107,328	\$ 11,925	\$ 359,587	\$ 398,679
Production	256,795	-	-	256,795	69,340
Digital	13,199	-	-	13,199	10,295
Marketing	36,842	-	-	36,842	13,517
Operating	8,190	6,584	1,365	16,139	11,473
Facility use fee (Depreciation)	43,838	18,788	-	62,626	60,000
Professional services	22,900	10,300	-	33,200	25,314
TOTAL OPERATING EXPENSES	\$ 622,098	\$ 143,000	\$ 13,290	\$ 778,388	\$ 588,618

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
ODC and ODC Theater
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ODC and ODC Theater's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of ODC and ODC Theater's major federal programs for the year ended December 31, 2021. ODC and ODC Theater's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ODC and ODC Theater complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ODC and ODC Theater and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of ODC and ODC Theater's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ODC and ODC Theater's federal programs.

Board of Directors
ODC and ODC Theater
San Francisco, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ODC and ODC Theater's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ODC and ODC Theater's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ODC and ODC Theater's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ODC and ODC Theater's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ODC and ODC Theater's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
ODC and ODC Theater
San Francisco, California

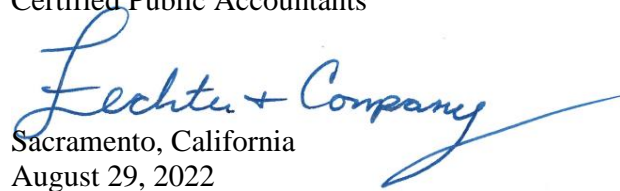
Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fechter & Company
Certified Public Accountants


Sacramento, California
August 29, 2022

OCD AND OCD Theater
Schedule of Expenditures of Federal Awards
For the Year Ended
December 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Contract Period</u>	<u>ALN Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
<u>U.S. Small Business Administrator</u>				
SBA Financial Assistance	7/19/2021 to 6/30/2022	57.059	\$1,700,000	\$ 859,267
SBA Financial Assistance	7/19/2021 to 6/30/2022	57.059	556,553	<u>55,232</u>
Total U.S. Small Business Administrator				<u>914,499</u>
<u>The National Endowment for the Arts</u>				
Promotion of the Arts_ Grants to Organizations and Individuals	1/1/2021 to 12/31/2021	45.024	10,000	<u>10,000</u>
Total The National Endowment for the Arts				<u>10,000</u>
Total Federal Expenditures				<u><u>\$ 924,499</u></u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Notes to the Schedule of Federal Awards
For the Years Ended December 31, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of ODC and ODC Theater (Organizations), under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organizations, it is not intended to and does not present the financial position, or its related statement of activities, functional expenses or cash flows.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

ODC (Organization) uses the 10% de minimis indirect cost rate as allowed under the Uniform Guidance for all of its projects.

NOTE 4 – MATCHING REQUIREMENTS

ODC received a \$10,000 federal award through the National Endowment of the Arts. Under the terms of the award, ODC is required to provide matching funds of \$10,000 during the year ended December 31, 2021.

**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Schedule of Findings and Questioned Costs
For the Years Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Control deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Control deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	
Type of auditor’s report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Guidance, at CFR Part 200.151 (d)(1)(vi)?	_____ Yes	_____ <u>X</u> No	

The following programs were tested as major federal award programs:

<u>CFDA (ALN) Number</u>	<u>Name of Federal Program</u>
57.059	SBA Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**ODC AND ODC THEATER
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

Schedule of Findings and Questioned Costs
For the Years Ended December 31, 2021

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Prior Year Findings and Questioned Costs

No matters were reported

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
ODC and ODC Theater
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the ODC and ODC Theater, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ODC and ODC Theater's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ODC and ODC Theater's internal control. Accordingly, we do not express an opinion on the effectiveness of the ODC and ODC Theater's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
ODC and ODC Theater
San Francisco, California

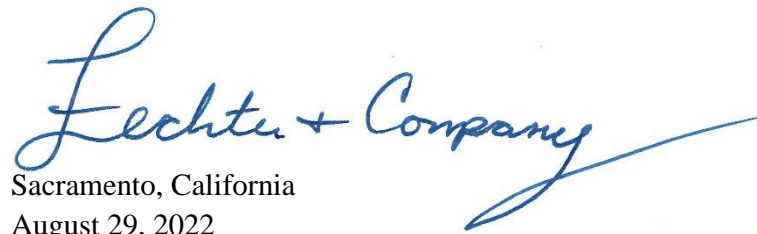
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ODC and ODC Theater's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fechter & Company
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California
August 29, 2022