



Horton Plaza Theatres **FOUNDATION**

Nurturing Arts and Culture

AGENDA

HORTON PLAZA THEATRES FOUNDATION

Finance Committee Meeting

Tuesday, November 18, 2025, 3:00 p.m.

Via MS Teams

Public MS Teams Link:

[Click to Join](#)

OR

To Join by Telephone:

Dial 619-737-2322 / Phone Conference ID: 576 193 350#

1. Call to Order

2. Roll Call

3. Non-Agenda Public Comment

Pursuant to the Brown Act, no discussion or action, other than a referral, shall be taken by the Board on any issue brought forth under the "Non-Agenda Public Comment."

CONSENT AGENDA

4. Approval of Horton Plaza Theatre Foundation's Finance Committee Meeting Minutes of October 27, 2025

REGULAR AGENDA

5. Recommended Acceptance of Horton Plaza Theatres Foundation's Unaudited Statement of Financial Position, Statement of Activities, Budget to Actual as of September 30, 2025 ~ Elias Ramirez

6. Approval of Horton Plaza Theatres Foundation's Draft Independent Auditor's Report, Financial Statement, and Supplementary Information for the Year Ended June 30, 2025 ~ Diane Ferris

URGENT NON-AGENDA ITEMS

ADJOURNMENT

REQUESTS FOR ACCESSIBILITY MODIFICATIONS OR ACCOMMODATIONS

This information will be made available in alternative formats upon request, as required by the Americans with Disabilities Act (ADA), by contacting Betty Migliaccio, 619-533-7101. Requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting Betty Migliaccio, 619-533-7101. Requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for auxiliary aids, services or interpreters, require different lead times, ranging from five business days to two weeks. Please keep this in mind and provide as much advance notice as possible in order to ensure availability. The City is committed to resolving accessibility requests swiftly in order to maximize accessibility.



Horton Plaza Theatres **FOUNDATION**

Nurturing Arts and Culture

ITEM #4

MINUTES

HORTON PLAZA THEATRES FOUNDATION FINANCE COMMITTEE MEETING OF TUESDAY, OCTOBER 27, 2025

Item #1 **Call to Order**

Chair Patrick Stewart called the Horton Plaza Theatres Foundation Finance Committee Meeting to order at 3:31 p.m.

Item #2 **Roll Call**

PRESENT: Chair Patrick Stewart and Director Jennifer Gattey

Item #3 **Non-Agenda Public Comment**

None.

CONSENT AGENDA

Item #4 **Approval of Horton Plaza Theatre Foundation's Finance Committee Meeting Minutes of August 26, 2025**

COMMITTEE ACTION: Motion by Chair Stewart and seconded by Director Gattey that the Horton Plaza Theatres Foundation (HPTF) approves the Finance Committee meeting minutes of August 26, 2025.

Passed by the following vote (2-0):

Aye:	Chair Patrick Stewart and Director Jennifer Gattey
Naye:	None
Abstain:	None
Recusal:	None

REGULAR AGENDA

Item #5 **Recommended Acceptance of Horton Plaza Theatres Foundation's Unaudited Statement of Financial Position, Statement of Activities, Budget to Actual as of July 31, 2025**

Civic Communities Accounting Manager, Diane Ferris, presented the item and reported that the City of San Diego refund was recorded as revenue and explained that the accounts receivable from the City reflects a GAAP accrual, prorated at 1/12 of the annual amount anticipated. She noted a proposed budget amendment adding a \$25,000 City contribution would be considered at the HPTF Board meeting on October 28, 2025.

In response to Chair Stewart's inquiry, Executive Vice President, Engineering & Construction Daniel Kay explained that the DCJ Theatrical ROPS payment represented the remaining balance for the theatrical lighting purchase and reported that staff has requested MA Engineers to conduct a utility consumption review with an update to be provided at a future Board meeting. Mr. Kay further added that Betty Migliaccio was conducting an equipment inventory at the Lyceum Theatre.

COMMITTEE ACTION: Motion by Chair Stewart and seconded Director Gattey that the HPTF Finance Committee accepts the HPTF Unaudited Statement of Financial Position, Statement of Activities, Budget to Actual as of July 31, 2025.

Passed by the following vote (2-0):

Aye:	Chair Patrick Stewart and Director Jennifer Gattey
Naye:	None
Abstain:	None
Recusal:	None

Item #6

Recommended Acceptance of Horton Plaza Theatres Foundation's Unaudited Statement of Financial Position, Statement of Activities, Budget to Actual as of August 31, 2025

Civic Communities Accounting Manager, Diane Ferris, explained the reduction in net assets and noted that the utilities line item reflected two months of charges. She also reviewed the administration costs, utilities expenses, and CAM charges, and reported that insurance costs were higher this year, with staff working to identify options to reduce those costs.

In response to Committee questions, Executive Vice President of Engineering & Construction, Daniel Kay, stated that utility consumption costs may decrease during the winter months and while the building is unoccupied. He noted that staff anticipated greater clarity once the consultant identifies the underlying issue.

Chair Patrick Stewart requested that future monthly financials include a detailed breakdown of utility costs.

COMMITTEE ACTION: Motion by Chair Stewart and seconded by Director Gattey that the HPTF Finance Committee accepts the HPTF Unaudited Statement of Financial Position, Statement of Activities, Budget to Actual as of August 31, 2025.

Passed by the following vote (2-0):

Aye: Chair Patrick Stewart and Director Jennifer Gattey

Naye: None

Abstain: None

Recusal: None

URGENT NON-AGENDA ITEMS ~ None.

ADJOURNMENT ~ The Meeting adjourned at 3:51 p.m.

Horton Plaza Theatres Foundation
Statement of Financial Position
As of September 30, 2025

Assets**Operating Assets**

Cash and Cash Equivalents	\$ 406,412
Account Receivable (ROPS)	0
Account Receivable (CITY)	62,500
Prepaid Expenses	13,674
Total Assets	<u>\$ 482,586</u>

Liabilities and Net Assets**Liabilities**

Account Payable	\$ 46,655
Credit Card	240
Total Liabilities	<u>46,895</u>

Net Assets

Net Assets without Restrictions	376,417
Net Asset with Restrictions	88,154
Net Income (Loss)	(28,880)
Total Liabilities and Net Assets	<u>\$ 482,586</u>

Horton Plaza Theatres Foundation
Statement of Revenues and Expenses
as of September 30, 2025

Revenue

City of San Diego	\$ 62,500
Interest Income	1,923
Refund of Prior Year Expenses	10,572
Total Revenue	<u>74,995</u>

Expenses

Administration	23,608
Audit/Tax/Paychex	414
CAM Charges - Property Taxes	1,758
Facility Maintenance	4,740
Insurance	17,929
Marketing	2,000
Office Expense	2,590
Utilities	50,836
Total Expenses	<u>103,875</u>

Change in Net Assets	<u><u>\$ (28,880)</u></u>
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Horton Plaza Theatres Foundation
Statement of Revenues and Expenses
as of September 30, 2025

	Current Month Actual	Monthly Budget	Current Month Variance \$	Current Month Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	FY26 Amended Budget
<u>Revenue</u>									
City of San Diego	\$ 25,000	\$ 20,833	\$ 4,167	20%	\$ 62,500	\$ 62,500	\$ -	0%	\$ 250,000
Interest Income	630	417	213	51%	1,923	1,250	673	54%	5,000
Refund of Prior Year Expenses	0	0	0		10,572	0	10,572		
Total Revenue	25,630	21,250	4,380	21%	74,995	63,750	11,245	18%	\$ 255,000
<u>Expenses</u>									
Administration	10,765	8,167	(2,598)	-32%	23,608	24,500	892	4%	98,000
Audit/Tax/Paychex	191	583	392	67%	414	1,750	1,336	76%	7,000
CAM Charges - Property Taxes	0	1,833	1,833	100%	1,758	5,500	3,742	68%	22,000
Facility Maintenance	3,043	4,167	1,124	27%	4,740	12,500	7,760	62%	50,000
Insurance	5,729	5,583	(146)	-3%	17,929	16,750	(1,179)	-7%	67,000
Marketing	0	0	0	0%	2,000	0	(2,000)		
Office Expense	721	333	(388)	-116%	2,590	1,000	(1,590)	-159%	4,000
Utilities A.	23,084	11,667	(11,417)	-98%	50,836	35,000	(15,836)	-45%	140,000
Total Expenses	43,533	32,333	(11,200)	-35%	103,875	97,000	(6,875)	-7%	388,000
Net Income/Deficit	\$ (17,903)	\$ (11,083)	\$ (6,820)		\$ (28,880)	\$ (33,250)	\$ 4,370		\$ (133,000)

A. Utilities Detail	July 2025	Aug 2025	Sept 2025	YTD Total
Gas & Electric	9,225	8,894	0	18,119
Chilled Water/HVAC	0	8,982	22,433	31,415
Water & Sewer	651	0	651	1,302
Total	9,876	17,876	23,084	50,836

Horton Plaza Theatres Foundation
Statement of ROPS 19 FY26 Funding
As of September 30, 2025

7/1/2025	Beginning Balance		\$ 250,000.00
7/2/2025	Ashley McFall	\$ 50.00	
7/2/2025	DCJ Theatrical	23,402.17	
7/2/2025	Siemens	4,107.50	
		<hr/>	
Total #1-2026 - Reimbursed 8/1/25		\$ 27,559.67	222,440.33
Remaining ROPS			\$ 222,440.33
			<hr/> <hr/>



Horton Plaza Theatres Foundation

San Diego, California

Independent Auditor's Report, Financial Statements and Supplementary Information

For the Year Ended June 30, 2025

Office 619-878-5779 Fax 619-792-1141
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To the Board of Directors
Horton Plaza Theatres Foundation

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Horton Plaza Theatres Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, schedule of functional expenses and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025, 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. 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 Horton Plaza Theatres Foundation 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.

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

In performing an audit in accordance with 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 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 Horton Plaza Theatres Foundation'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 Horton Plaza Theatres Foundation'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 the Foundation's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited 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 financial statements as a whole. The Budget Comparison Schedule 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Kagan and Associates, CPAs

Ariel Kagan

Santee, CA
November 4, 2025

HORTON PLAZA THEATRES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 and 2024

Assets

Operating Assets	2025	2024
Cash and Cash Equivalents	\$ 340,751	\$ 265,609
Accounts Receivable	130,956	249,926
Prepaid Expenses	11,139	39,234
Total Operating Assets	<u>482,846</u>	<u>554,769</u>
 Total Assets	 <u>\$ 482,846</u>	 <u>\$ 554,769</u>

Liabilities and Net Assets

Liabilities		
Accounts Payable	\$ 18,275	\$ 3,304
Total Liabilities	<u>18,275</u>	<u>3,304</u>
 Net Assets		
Without Donor Restrictions	376,417	413,311
With Donor Restrictions	88,154	138,154
Total Net Assets	<u>464,571</u>	<u>551,465</u>
 Total Liabilities and Net Assets	 <u>\$ 482,846</u>	 <u>\$ 554,769</u>

See accompanying notes to the financial statements

HORTON PLAZA THEATRES FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contribution from City of San Diego	\$ 325,000	\$ -	\$ 325,000	\$ 291,115	\$ 33,885	\$ 325,000
Production Assistance Fund (PAF)	2,800	-	2,800	-	-	-
Pass-Through Donation for City	-	-	-	-	15,000	15,000
Pass Through for Funds for Cultural Plan from San Diego Foundation	-	(50,000)	(50,000)	-	-	-
Interest/Misc Income	8,550	-	8,550	16,435	-	16,435
Total revenue and support	<u>336,350</u>	<u>(50,000)</u>	<u>286,350</u>	<u>307,550</u>	<u>48,885</u>	<u>356,435</u>
Expenses						
Contract Labor	930	-	930	1,790	-	1,790
Elevator and Facility Maintenance	47,909	-	47,909	46,298	-	46,298
Insurance	27,671	-	27,671	24,011	-	24,011
Legal, Audit & Administrative Services	21,775	-	21,775	33,222	-	33,222
Office Expense	2,483	-	2,483	4,970	-	4,970
Payroll, Payroll Tax & Fees Expense	91,455	-	91,455	90,635	-	90,635
Property Taxes	23,071	-	23,071	20,583	-	20,583
Telephone	1,065	-	1,065	993	-	993
Theatre Equipment & Maintenance	1,225	-	1,225	1,659	-	1,659
Utilities	155,660	-	155,660	66,954	-	66,954
Total Expenses	<u>373,244</u>	<u>-</u>	<u>373,244</u>	<u>291,115</u>	<u>-</u>	<u>291,115</u>
Change in Net Assets	(36,894)	(50,000)	(86,894)	16,435	48,885	65,320
Beginning Net Assets	<u>413,311</u>	<u>138,154</u>	<u>551,465</u>	<u>396,876</u>	<u>89,269</u>	<u>486,145</u>
Ending Net Assets	<u>\$ 376,417</u>	<u>\$ 88,154</u>	<u>\$ 464,571</u>	<u>\$ 413,311</u>	<u>\$ 138,154</u>	<u>\$ 551,465</u>

See accompanying notes to the financial statements

HORTON PLAZA THEATRES FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Cash flows from operating activities:	<u>2025</u>	<u>2024</u>
Change in net assets	\$ (86,894)	\$ 65,320
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Receivables	118,970	(52,513)
Prepaid expenses	28,095	(30,159)
Increase (decrease) in liabilities:		
Accounts payable	<u>14,971</u>	<u>2,488</u>
Net cash provided (used) by operating activities	<u>75,142</u>	<u>(14,864)</u>
Cash flows from investing activities:		
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	75,142	(14,864)
Beginning cash and cash equivalents	<u>265,609</u>	<u>280,473</u>
Ending cash and cash equivalents	<u>\$ 340,751</u>	<u>\$ 265,609</u>

See accompanying notes to the financial statements

HORTON PLAZA THEATRES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management & General</u>	<u>Total 2025</u>
Compensation & Related Expenses			
Salaries & Wages	\$ -	\$ 77,000	\$ 77,000
Payroll Taxes	-	6,002	6,002
Employee Benefits	-	8,452	8,452
Total Compensation & Related Expenses	<u>-</u>	<u>91,454</u>	<u>91,454</u>
Other Expenses:			
Contract Labor	930	-	930
Elevator and Facility Maintenance	47,909	-	47,909
Insurance	27,671	-	27,671
Legal, Audit & Administrative Services	-	21,775	21,775
Office Expense	2,483	-	2,483
Property Taxes	23,071	-	23,071
Telephone	1,065	-	1,065
Theatre Equipment & Maintenance	1,225	-	1,225
Utility Pass Through	<u>155,660</u>	<u>-</u>	<u>155,660</u>
Total Other Expenses	<u>260,014</u>	<u>21,775</u>	<u>281,789</u>
Total Expenses	<u>\$ 260,014</u>	<u>\$ 113,229</u>	<u>\$ 373,243</u>

See accompanying note to the financial statements

**HORTON PLAZA THEATRES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - ORGANIZATION

Horton Plaza Theatres Foundation (Foundation) is a non-profit corporation organized in 1983 to establish, operate and maintain one or more legitimate theaters in the City of San Diego (City) for the production and presentation of dramatic, musical and artistic works; and for the promotion, either alone or in cooperation with other non-profit organizations or governmental entities, of theater and fine arts in the City through educational, cultural and artistic programs.

During fiscal year 1985 the Redevelopment Agency of the City of San Diego (Agency) now the Successor Agency to the former Redevelopment Agency of the City of San Diego (Successor Agency), entered into a 50-year lease with Horton Plaza LP (Developer) to lease the Horton Plaza Lyceum Theatre (Theatre). On August 23, 2018, Stockdale Management LLC ("Center Owner") purchase the Horton Plaza Retail Center (the "Center"), which includes the Premises; The premises consists of two (2) theaters, lobbies, concessions/café, administrative offices, a box office and related areas and is known as the Lyceum Theatre (the "Lyceum"); The lease stipulates a minimum annual rent of one dollar. Simultaneously, the Agency entered into a master sub-lease agreement with the Foundation to lease the Theatre to the Foundation. The master sub-lease agreement is subject to all of the terms and conditions of the lease agreement discussed above.

A Letter Agreement, dated October 13, 2020, was sign by the Foundation and the Repertory setting forth revised terms. In lieu of a management fee, the Foundation would reimburse the Repertory in utilities. The letter agreement expired June 30, 2022. On June 3, 2022, the San Diego Repertory Theatre determined to dismiss all staff and requested an early termination of the Management and Use Agreements. On August 23, 2022, a Termination Agreement was executed by all parties. The Foundation is currently working with the City on negotiating with an operator to assume responsibility for the theatre facility.

The State of California Department of Finance deemed the Lyceum Theatres an enforceable obligation when the California Redevelopment Law was eliminated in 2012. The new funding became known as Recognized Obligation Payments Schedule ("ROPS") – until the expiration of the lease in 2035. ROPS allocates redevelopment tax funds for ordinary wear and tear and obsolescence of furniture, fixtures, and equipment as well as code, life and safety requirements. The funding is not available for operating expenses; rather, funding is allowed for complete systems. During the fiscal year ended June 30, 2024, the Foundation had been allocated \$250,000 in ROPS funding for the current fiscal period. \$249,269 was spent during the current fiscal year. The Foundation has been reimbursed \$118,313. On-going receivable balances are due from the City of San Diego and ROPS as a result of pass-through operations. As of June 30, 2025 the Foundation had an outstanding receivable balance of \$130,956 from the ROPS for repairs and equipment expense already incurred. All outstanding receivables were paid as of the report date.

The Foundation receives annual funding from the City for ongoing operations (see Note 6). For the year ended June 30, 2025 the foundation received \$325,000 effective for fiscal year ended June 30, 2025.

**HORTON PLAZA THEATRES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recorded as the liability when incurred.

Cash — Cash consists of bank demand and savings deposits.

Accounts Receivable —The Foundation is tasked with the long-term care of the Theatre as well as short-term maintenance. Large-scale capital improvement projects are approved by the state but initially funded by the Foundation and reimbursed by the City (see Note 1).

Contributions receivable that are expected to be received beyond one year are recorded at the net present value of anticipated future cash flows. No allowance for uncollectible contributions has been established since management believes the contribution receivable is fully collectible.

**HORTON PLAZA THEATRES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets — Per the Agreement with the city of San Diego, the Foundation is not permitted to retain capitalized assets purchased for the Theatre. This policy is in effect regardless of whether the Foundation uses internal funds or acts as a pass-through entity. The decision was made to remove the Fixed Assets as a component of the Statement of Financial Position. This did not have a material effect as the Fixed Assets were depreciated in full prior to June 30, 2015.

The agreements are subject to the terms and conditions of the master sub-lease agreement described above. Also, under these agreements, the Repertory is responsible for the year-round operation of the Theatre (refer to Note 5 for termination of the Repertory relationship).

Functional Allocation of Expenses - The costs of providing various programs and other activities of the Foundation have been allocated by management on a functional basis among the programs and services benefited. Program service expenses for the years ended June 30, 2025 and 2024 totaled \$260,014 and \$167,258, respectively. Supporting general and administrative expenses for the year ended June 30, 2025 and 2024 totaled \$113,229 and \$123,857, respectively.

Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. Accordingly, actual results could differ from those estimates. Management believes that the estimates made are reasonable.

Income Taxes - The Foundation is exempt from federal income taxes and state franchise tax pursuant to Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the State of California Revenue and Taxation Code, respectively. Accordingly, no provision for federal income or state franchise tax has been made.

The Foundation has applied the provisions of ASC Subtopic 740-10, *Income Taxes—Overall*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest, and penalties, disclosure, and transition. Management of the Foundation believes that no such uncertain tax positions exist as of June 30, 2025.

Fair Value Measurements

The Foundation measures fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Level 3: Significant unobservable inputs for the asset or liability.

**HORTON PLAZA THEATRES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses and Deposits

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid expenses or deposits.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial Assets at year-end June 30, 2025:

Cash and cash equivalents	\$ 340,751
Accounts and contributions receivable	130,956
Investments	<u>0</u>
Total financial assets	471,707
Funds subject to donor-imposed restrictions (Note 8)	<u>(88,154)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 383,553</u>

NOTE 4 - FIXED ASSETS

As per details in Note 2 Capital Assets, the Foundation no longer carries Fixed Assets as an item on the Statement of Financial Position, and instead expense these items directly in the year of purchase. This policy is subject to change should the City of San Diego choose to revisit their agreement.

NOTE 5 - COMMITMENTS

Facility Use Charge Revenue –Commencing July 1, 2017 the Repertory collected a one-dollar (\$1) Facility Charge per paid ticket including its own productions. This charge was increased to two-dollar (\$2) as of July 27, 2021. This charge was added automatically to each ticket sold. No facility charge was due for complementary tickets for which no revenue was received. The Repertory was required to submit the Facility Charge collected in connection with any ticketed event to the Foundation within fifteen (15) business days following the conclusion of the quarter. Total Facility Charges for the fiscal year ended June 30, 2025 were \$0. The Foundation is currently on negotiating with an operator to assume responsibility for the theatre facility.

**HORTON PLAZA THEATRES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 - ECONOMIC DEPENDENCY

The Foundation signs an annual agreement with the City for ongoing support from receipt of the City's funding. The City may terminate or amend the agreement with thirty days written notice. The funding revenue received from the City is the major funding source for the Foundation; therefore, any reduction in funding could substantially alter the programs offered by the Foundation. The City committed to funding the Foundation through June 30, 2025. The \$325,000 was determined to be the minimum amount required to maintain operations.

NOTE 7 – GRANT INCOME

The Foundation did not receive additional grant funding for the fiscal year ended June 30, 2025.

NOTE 8 – RESTRICTED NET ASSETS

During the fiscal year ended June 30, 2022 \$50,000 was granted from The San Diego Foundation (SDF) to support the City's Cultural Arts Assessment and Planning Process (Project). An initial payment of \$15,000 was made as of June 30, 2022. The Foundation received \$20,000 in the fiscal year ended June 30, 2023. The final \$15,000 was received in September and November 2023. The Foundation acted as a pass-through for the funds. The funds went to the City for the Project. The restricted Project funds of \$50,000 were released as June 30, 2025.

At the end of the fiscal year the City Commission had unspent funds available for future Production Assistance Fees (see Note 5). Funds restricted by the Commission for future PAF totaled \$88,154 as of June 30, 2025.

Total Donor-Restricted Net Assets as of June 30, 2025 was \$88,154 (see above discussion). Net Assets Without Donor Restrictions totaled \$376,417 for a total Net Assets of \$464,571 as of June 30, 2025.

NOTE 9 - RELATED PARTY TRANSACTIONS

There were no in-kind services received for the year ended June 30, 2025.

NOTE 10 - SUBSEQUENT EVENTS

The Foundation has evaluated new information and events through November 4, 2025, which is the date these financial statements were available to be issued, to determine the need to either update these financial statements or to provide disclosures about such events. The Lyceum remains closed until the theatre renovations are complete. The Foundation is currently working with the City on negotiating with an operator to assume responsibility for the theatre facility.

**HORTON PLAZA THEATRES FOUNDATION
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 11 – LEGAL MATTERS

The Foundation incurred no legal expense during the audit period and was not party to any lawsuits either potential or ongoing as of the date of the report.

Note 12 – INVESTMENTS

Investments consist primarily of assets invested in marketable equity and debt securities. Cash and cash equivalents that are not used for operations are treated as investments due to their nature as long-term investments. Investments are carried at fair value based on quoted market prices in active market (all level 1 measurements). The realized and unrealized gains and losses on investments are reflected in the statement of activities. Investment revenues are reported net of related investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

At June 30, 2025, investments consisted of the following;

Cash and cash equivalents	\$340,751
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HORTON PLAZA THEATRES FOUNDATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025
UNAUDITED

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue and Support			
Contribution from City of San Diego	\$ 325,000	\$ 325,000	\$ -
Facility Fees	-	-	-
SBA Covid Grant	-	-	-
California Small Business Covid Grant	-	-	-
Production Assistance Fund C/F	-	2,800	2,800
Refund of Unused Utilities Fund	-	-	-
Pass-Through Donation for City	-	-	-
Interest & Misc Income	-	8,550	8,550
	<u>325,000</u>	<u>336,350</u>	<u>11,350</u>
Total revenue and support	<u>325,000</u>	<u>336,350</u>	<u>11,350</u>
Expenses			
Insurance	35,000	27,671	(7,329)
Contract Work	-	12,600	12,600
Property Taxes	25,000	23,071	(1,929)
Facility Expense	45,000	50,332	5,332
Office Expense	4,500	4,670	170
Other	-	75	75
Legal/Audit/Acct	9,500	9,078	(422)
Administration	92,000	90,088	(1,912)
PAF Carryover (restricted not expensed)	-	-	-
Utilities	114,000	155,659	41,659
	<u>325,000</u>	<u>373,244</u>	<u>48,244</u>
Total Expenses	<u>325,000</u>	<u>373,244</u>	<u>48,244</u>
Change in Net Assets	\$ <u>-</u>	\$ <u>(36,894)</u>	\$ <u>(36,894)</u>

HORTON PLAZA THEATRES FOUNDATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024
UNAUDITED

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue and Support			
Contribution from City of San Diego	\$ 325,000	\$ 325,000	\$ -
Facility Fees	-	-	-
Production Assistance Fund C/F	-	-	-
Pass-Through Donation for City	-	15,000	15,000
Interest & Misc Income	-	16,435	16,435
	<u>325,000</u>	<u>356,435</u>	<u>31,435</u>
Total revenue and support	<u>325,000</u>	<u>356,435</u>	<u>31,435</u>
Expenses			
Insurance	35,000	24,011	(10,989)
Contract Work	0	27,540	27,540
Property Taxes	25,000	20,583	(4,417)
Facility Expense	45,000	47,957	2,957
Office Expense	4,100	5,963	1,863
Legal/Audit/Acct	13,900	7,472	(6,428)
Administration	92,000	90,635	(1,365)
Retain Funds PAF (restricted not expensed)		33,885	33,885
Utilities	110,000	66,954	(43,046)
	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Total Expenses	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ 31,435</u>	<u>\$ 31,435</u>

See accompanying note to supplementary information

**HORTON PLAZA THEATRES FOUNDATION
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY INFORMATION

The Foundation prepares an annual budget which is approved by the Board. The budget is prepared in a format that is consistent with the City's financial management department application for City funding.

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