



**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Combined Financial Statements

December 31, 2014 and 2013

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Combined Financial Statements

December 31, 2014 and 2013

CONTENTS

	Page
Independent Auditor's Report	1-2
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Cash Flows	5
Notes to Combined Financial Statements	6-21
Supplementary Information	
Saratoga Performing Arts Center, Inc.	
Statement of Financial Position	22
Statement of Activities	23
Summary of Statement of Activities Based on Internal Operating Statement	24
National Museum of Dance	
Statement of Financial Position	25
Statement of Activities	26
Summary of Statement of Activities Based on Internal Operating Statement	27
Other Operating Revenues	28
Production Expenses	29
Advertising and Publicity Expenses	30
Box Office Expenses	31
Administrative and General Expenses	32

Independent Auditor's Report

Boards of Directors
Saratoga Performing Arts Center, Inc.
and National Museum of Dance
Saratoga Springs, New York

Report on the Financial Statements

We have audited the accompanying combined financial statements of Saratoga Performing Arts Center, Inc. and the National Museum of Dance, which comprise the combined statements of financial position as of December 31, 2014 and 2013, and the combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Saratoga Performing Arts Center, Inc. and the National Museum of Dance as of December 31, 2014 and 2013, and changes in net assets and combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 22 through 32 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 basic combined financial statements taken as a whole.

SaxBST LLP

Albany, New York
March 11, 2015

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Combined Statements of Financial Position

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,067,716	\$ 1,823,064
Accounts receivable, net	362,352	339,444
Accrued interest receivable	8,335	7,337
Other current assets	83,435	86,724
Total current assets	2,521,838	2,256,569
OTHER ASSETS		
Investments	5,998,292	5,711,537
Leasehold improvements and equipment, net	1,846,322	1,494,678
Insurance premiums receivable	159,950	604,702
	\$ 10,526,402	\$ 10,067,486
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 380,562	\$ 307,734
Accrued pension expense	89,495	115,231
Current installments of postretirement benefits	15,554	90,882
Deferred revenues	1,348,250	1,669,341
Total current liabilities	1,833,861	2,183,188
LONG-TERM LIABILITIES		
Liability for postretirement benefits, less current installments	32,301	450,732
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Board designated	1,199,784	1,130,646
Undesignated	2,453,937	1,529,261
	3,653,721	2,659,907
Temporarily restricted	2,421,105	2,188,245
Permanently restricted	2,585,414	2,585,414
Total net assets	8,660,240	7,433,566
	\$ 10,526,402	\$ 10,067,486

See accompanying Notes to Combined Financial Statements.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Combined Statements of Activities

	Year Ended December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 3,065,280	\$ -	\$ -	\$ 3,065,280
Membership revenues	2,158,641	-	-	2,158,641
Unrestricted gifts and grants	7,265	-	-	7,265
Restricted gifts and grants	1,156,168	22,699	-	1,178,867
Fundraising benefits, net	645,391	-	-	645,391
Exceptional gifts	420,000	-	-	420,000
Third-party license fees	1,182,128	-	-	1,182,128
Other operating revenues, net	879,205	-	-	879,205
	9,514,078	22,699	-	9,536,777
OPERATING EXPENSES				
Performance costs				
Direct talent	4,406,877	-	-	4,406,877
Production expenses	1,396,074	-	-	1,396,074
Advertising and publicity	678,185	-	-	678,185
Box office	207,300	-	-	207,300
Administrative and general	2,021,350	28,282	-	2,049,632
Depreciation	308,554	-	-	308,554
	9,018,340	28,282	-	9,046,622
Operating revenues in excess of operating expenses	495,738	(5,583)	-	490,155
NON-OPERATING REVENUES AND GAINS				
Investment income	27,880	117,133	-	145,013
Gains on sales of investments, net	28,544	77,381	-	105,925
Unrealized gains on investments, net	14,994	43,929	-	58,923
Other interest income	2,577	-	-	2,577
	73,995	238,443	-	312,438
OTHER CHANGE IN NET ASSETS				
Pension related income other than net periodic costs	424,081	-	-	424,081
	424,081	-	-	424,081
CHANGE IN NET ASSETS	993,814	232,860	-	1,226,674
NET ASSETS, <i>beginning of year</i>	2,659,907	2,188,245	2,585,414	7,433,566
NET ASSETS, <i>end of year</i>	\$ 3,653,721	\$ 2,421,105	\$ 2,585,414	\$ 8,660,240

See accompanying Notes to Combined Financial Statements.

	Year Ended December 31, 2013			
	Unrestricted	Temporarily	Permanently Restricted	Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 2,673,691	\$ -	\$ -	\$ 2,673,691
Membership revenues	1,917,450	-	-	1,917,450
Unrestricted gifts and grants	3,015	-	-	3,015
Restricted gifts and grants	917,418	8,182	-	925,600
Fundraising benefits, net	638,044	-	-	638,044
Exceptional gifts	221,081	-	-	221,081
Third-party license fees	1,343,259	-	-	1,343,259
Other operating revenues, net	747,000	-	-	747,000
	<u>8,460,958</u>	<u>8,182</u>	<u>-</u>	<u>8,469,140</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	3,840,490	-	-	3,840,490
Production expenses	1,189,300	-	-	1,189,300
Advertising and publicity	741,780	-	-	741,780
Box office	200,501	-	-	200,501
Administrative and general	2,100,416	26,855	-	2,127,271
Depreciation	256,832	-	-	256,832
	<u>8,329,319</u>	<u>26,855</u>	<u>-</u>	<u>8,356,174</u>
Operating revenues in excess of operating expenses	<u>131,639</u>	<u>(18,673)</u>	<u>-</u>	<u>112,966</u>
NON-OPERATING REVENUES AND GAINS				
Investment income	25,378	112,250	-	137,628
Gain on sales of investments, net	83,937	317,271	-	401,208
Unrealized gains on investments, net	113,359	465,077	-	578,436
Other interest income	2,850	-	-	2,850
	<u>225,524</u>	<u>894,598</u>	<u>-</u>	<u>1,120,122</u>
OTHER CHANGE IN NET ASSETS				
Pension related income other than net periodic costs	391,983	-	-	391,983
CHANGE IN NET ASSETS	749,146	875,925	-	1,625,071
NET ASSETS, <i>beginning of year</i>	<u>1,910,761</u>	<u>1,312,320</u>	<u>2,585,414</u>	<u>5,808,495</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,659,907</u>	<u>\$ 2,188,245</u>	<u>\$ 2,585,414</u>	<u>\$ 7,433,566</u>

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Combined Statements of Cash Flows

	Years Ended December 31,	
	2014	2013
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 1,226,674	\$ 1,625,071
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Bad debts	-	26,401
Depreciation	308,554	256,832
Realized gains on sales of investments, net	(105,926)	(401,207)
Unrealized gains on investments, net	(58,924)	(578,438)
Donated leasehold improvements and equipment	(420,000)	-
(Increase) decrease in		
Accounts receivable	(22,908)	53,775
Accrued interest receivable	(998)	260
Other current assets	3,289	32,551
Increase (decrease) in		
Accounts payable and accrued expenses	72,828	25,120
Accrued pension expense	(519,495)	(373,818)
Deferred revenues	(321,091)	577,319
	162,003	1,243,866
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(240,198)	(325,216)
Proceeds from sales of investments	1,042,278	1,859,761
Purchases of investments	(1,164,183)	(1,938,356)
Proceeds from insurance premium receivable	444,752	-
	82,649	(403,811)
Net increase in cash	244,652	840,055
CASH, beginning of year	1,823,064	983,009
CASH, end of year	\$ 2,067,716	\$ 1,823,064

See accompanying Notes to Combined Financial Statements.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

Saratoga Performing Arts Center, Inc. (SPAC) was incorporated as a not-for-profit 501(c)(3) in the State of New York on June 25, 1962, to promote, sponsor, cultivate, and develop, among its members and the community-at-large, an appreciation and understanding of the performing arts. The National Museum of Dance (Museum) was incorporated as a not-for-profit membership organization in the State of New York on April 26, 1985. During 1991, the management of SPAC and the Museum were combined. The accounts of the Museum are maintained as separate, identifiable accounts in the records of SPAC. All intercompany transactions and balances have been eliminated.

b. Basis of Accounting and Financial Statement Presentation

The combined financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

Net assets and revenues, gains, losses, and expense items are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets are assets that have arisen from revenues generated from providing services, investments in income-producing assets, and general public support. Additionally, general public support which has been designated by the Boards of Directors for a particular use is classified as unrestricted since the restriction is subject to change at the Boards of Directors' discretion.

Temporarily restricted net assets are assets that have been designated as restricted by donors for a particular purpose.

Permanently restricted net assets are endowments established by various donors which have been invested in perpetuity to provide a permanent source of income, the use of which is generally restricted for classical programming.

c. Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management 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 year. Actual results could differ from those estimates.

d. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (Notes 5 and 14).

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Accounts Receivable, Net

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts performed on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days. The allowance for doubtful accounts was \$2,000 for both years ended December 31, 2014 and 2013.

f. Investments

Investments are recorded at fair value. Net realized and unrealized gains (losses) on investments are reflected in the statements of activities.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, and (3) the intent and ability of SPAC to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. SPAC determined that there were no other-than-temporary impairments as of December 31, 2014 and 2013.

g. Leaseholds and Equipment, Net

Amphitheater and facility improvements, Museum leasehold improvements, dance studio, and equipment are recorded at cost. Assets acquired by gifts and bequests are recorded at fair market value, established as of the date of receipt. The carrying amount of these assets, and related accumulated depreciation and amortization, are removed from the accounts when such assets are disposed of, and the resulting gain or loss is reported in the statements of activities. Provisions for depreciation and amortization are computed using the straight-line method in a manner that is intended to amortize the cost of such assets over their estimated useful lives (5-50 years). Expenditures for maintenance and repairs are charged to expense accounts as incurred, and costs of additions, major renewals, and betterments are capitalized.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. There were no impairments on long-lived assets at December 31, 2014 and 2013.

h. Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The above policy also applies to earnings on permanently restricted net assets where the donor restricts the use of the income, gains, and losses earned on the permanently restricted contribution.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Deferred Revenue

Revenues are recognized as earned. Membership revenue received in advance of the period in which it applies is recorded as a liability.

j. Donated Services

The value of donated services is not reflected in the accompanying combined financial statements since either no specific skills are required for the services or there is no objective basis available by which to measure value. A number of volunteers have donated significant amounts of time to SPAC and the Museum.

k. Membership Revenue

Membership revenue is recognized at the end of the membership period.

l. Revenue from Contracts

Revenue is recognized on contracts ratably over applicable contract periods or as services are performed.

m. Allocation of Expenses

Direct expenses are charged directly to the related event. Expenses that are not directly identifiable with an event, but provide for the overall support, are charged to administrative and general expenses.

n. Advertising and Publicity

Advertising and publicity costs are expensed as incurred.

o. Tax Status

SPAC and the Museum are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes. SPAC and the Museum have been classified as publicly-supported organizations that are not private foundations under Section 509(a) of the Code.

SPAC and the Museum each file a Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated SPAC's and the Museum's tax positions, including interest and penalties attributable thereto, and concluded that SPAC and the Museum have taken no tax positions that required adjustment in their financial statements as of December 31, 2014 and 2013.

Forms 990 filed by SPAC and the Museum are subject to examination by the Internal Revenue Service. SPAC and the Museum are no longer subject to examination for the fiscal years ended December 31, 2010, and prior.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 11, 2015, the date the combined financial statements were available to be issued.

q. Reclassification

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

Note 2 - Investments

Investments consist of the following:

	December 31, 2014	
	Cost	Fair Value
Common stocks	\$ 2,644,590	\$ 3,742,910
Fixed income securities	923,417	932,390
Mutual funds	1,187,256	1,322,992
Total investments	\$ 4,755,263	\$ 5,998,292
	December 31, 2013	
	Cost	Fair Value
Common stocks	\$ 2,534,021	\$ 3,524,342
Fixed income securities	624,288	645,275
Mutual funds	1,369,123	1,541,920
Total investments	\$ 4,527,432	\$ 5,711,537

Note 3 - Leasehold Improvements and Equipment, Net

A summary of SPAC's and the Museum's leasehold improvements and equipment, net, is as follows:

	December 31,	
	2014	2013
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	1,584,015	1,563,315
National Museum of Dance, leasehold improvements	1,908,300	1,583,300
Dance studios	1,048,246	1,048,246
Equipment	2,647,892	2,333,395
	9,876,439	9,216,242
Less accumulated depreciation	8,030,117	7,721,564
	\$ 1,846,322	\$ 1,494,678

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 4 - Line-of-Credit

SPAC has a line-of-credit with Adirondack Trust Company for \$500,000, under which SPAC may borrow at the prime rate minus .38% (2.87% at both December 31, 2014 and 2013), which is due on demand. There were no amounts outstanding at both December 31, 2014 and 2013. This line-of-credit is secured by investments.

Note 5 - Employee Benefit Plan

SPAC accounts for its defined benefit pension plan by recognizing the funded status of an asset or liability in its statement of financial position. Changes in the plan's funded status are recognized in unrestricted net assets in the year in which the changes occur.

Obligations and Funded Status

	December 31,	
	2014	2013
Projected benefit obligation	\$ 1,420,998	\$ 1,912,683
Fair value of plan assets	1,373,143	1,371,069
Funded status at end of year	\$ (47,855)	\$ (541,614)

Amounts recognized on the statements of financial position consist of:

	December 31,	
	2014	2013
Current liabilities	\$ (15,554)	\$ (90,882)
Noncurrent liabilities	(32,301)	(450,732)
	\$ (47,855)	\$ (541,614)

	December 31,	
	2014	2013
Net periodic pension cost	\$ 21,204	\$ 109,139
Employer contributions	\$ 90,882	\$ 95,624
Benefits paid	\$ 125,164	\$ 136,480

Accumulated benefit obligation was \$1,420,998 and \$1,902,683 at December 31, 2014 and 2013, respectively.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 5 - Employee Benefit Plan - Continued

The following are weighted-average assumptions used to determine benefit obligations:

	December 31,	
	2014	2013
Discount rate	3.57%	4.27%
Rate of compensation increase	N/A	N/A

The following are weighted-average assumptions used to determine net periodic benefit cost:

	December 31,	
	2014	2013
Discount rate	4.27%	3.38%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

Plan Assets

SPAC's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (1) historical real returns, net of inflation, for the asset classes covered by the investment policy and (2) projections of inflation over the long-term period during which benefits are payable to plan participants.

The Plan's weighted-average asset allocation, by asset category, is as follows:

	December 31,	
	2014	2013
Equity securities	65%	73%
Debt securities	33%	24%
Other	2%	3%
Total	100%	100%

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 5 - Employee Benefit Plan - Continued

SPAC's target asset allocation, by asset category, is as follows:

Asset Category

Equity securities	35-80%
Debt securities	20-60%
Other	0-10%

SPAC's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by SPAC and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner that is compliant at all times with applicable government regulations.

The plan's assets measured at fair value on a recurring basis at December 31, 2014 and 2013, are summarized below (see Note 14 for definitions of investment classes and levels):

	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	\$ 15,234	\$ -	\$ -	\$ 15,234
Energy	83,728	-	-	83,728
Financial	135,284	-	-	135,284
Health care	63,746	-	-	63,746
Industrial	47,970	-	-	47,970
Materials	28,448	-	-	28,448
Technology	151,573	-	-	151,573
Other	46,677	-	-	46,677
	572,660	-	-	572,660
Fixed income securities				
Corporate bonds	-	451,029	-	451,029

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 5 - Employee Benefit Plan - Continued

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets - Continued				
Mutual funds				
Bond Funds	61,070	-	-	61,070
Growth Funds	67,920	-	-	67,920
Value Funds	128,418	-	-	128,418
World Stock Funds	68,680	-	-	68,680
	<u>326,088</u>	<u>-</u>	<u>-</u>	<u>326,088</u>
Cash	<u>23,366</u>			<u>23,366</u>
Total investments	<u>\$ 922,114</u>	<u>\$ 451,029</u>	<u>\$ -</u>	<u>\$ 1,373,143</u>
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Consumer goods	\$ 52,843	\$ -	\$ -	\$ 52,843
Energy	98,660	-	-	98,660
Financial	125,412	-	-	125,412
Health care	53,972	-	-	53,972
Industrial	113,164	-	-	113,164
Technology	119,684	-	-	119,684
Other	43,230	-	-	43,230
	<u>606,965</u>	<u>-</u>	<u>-</u>	<u>606,965</u>
Fixed income securities				
Corporate bonds	-	329,928	-	329,928
Mutual funds				
Bank Loan Funds	58,653	-	-	58,653
Bond Funds	63,178	-	-	63,178
Growth Funds	74,280	-	-	74,280
Value Funds	123,012	-	-	123,012
World Stock Funds	74,528	-	-	74,528
	<u>393,651</u>	<u>-</u>	<u>-</u>	<u>393,651</u>
Cash	<u>40,525</u>	<u>-</u>	<u>-</u>	<u>40,525</u>
Total investments	<u>\$ 1,041,141</u>	<u>\$ 329,928</u>	<u>\$ -</u>	<u>\$ 1,371,069</u>

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 5 - Employee Benefit Plan - Continued

Cash Flows

Projected benefit payments expected for the next ten years are as follows:

For the year ending December 31,	
2015	\$ 95,318
2016	99,357
2017	96,554
2018	93,980
2019	91,598
2020 through 2024	425,193

SPAC's contributions to the plan for the year ended December 31, 2014, are expected to be \$15,554.

Effective September 30, 2005, the plan was frozen. Employees will not accrue any further benefits after this date. All employees participating in the plan at that date became fully vested in their accrued benefits as of September 30, 2006.

Note 6 - Profit Sharing Plan

SPAC has a non-contributory defined contribution profit sharing plan covering substantially all full-time employees. Eligible employees must have completed one year of service and worked at least 1,000 hours. Employer contributions of \$89,495 and \$115,231 were accrued as of December 31, 2014 and 2013, respectively.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	December 31,	
	2014	2013
Museum exhibits	\$ 14,000	\$ -
Classical performances, endowment	2,407,105	2,188,245
	<u>\$ 2,421,105</u>	<u>\$ 2,188,245</u>

Note 8 - Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes:

	December 31,	
	2014	2013
Classical performances	\$ 2,500,000	\$ 2,500,000
Other	85,414	85,414
	<u>\$ 2,585,414</u>	<u>\$ 2,585,414</u>

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 8 - Permanently Restricted Net Assets - Continued

SPAC has entered into an agreement with the H. Schaffer Foundation (Foundation) whereby the Foundation made a grant in the amount of \$2,500,000 for the purpose of partially endowing the New York City Opera residency at SPAC. Under the terms of the agreement, SPAC had also designated an amount equal to the grant for this purpose. The grant monies had been used exclusively for the Opera residency until the expiration of the agreement on June 30, 1997. Effective July 1, 1997, the \$2,500,000 Foundation grant supported general opera activities of SPAC while the Board-designated matching funds became unrestricted. During December 2000, a new agreement between SPAC and the Foundation was executed designating all income derived from the original \$2,500,000 to be used at SPAC's discretion for presentations of ballet, orchestra, chamber music, and opera.

Note 9 - Endowment

SPAC's endowment consists of various investments overseen by the Investment Committee of the Board of Directors. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The Board of Directors of SPAC has interpreted the New York State Not-For-Profit Corporation Law (NPCL) requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SPAC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SPAC in a manner consistent with the standard procedures prescribed in NPCL Article 5-A. Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. The purposes of SPAC and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effect of inflation and deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the organization;
- g. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization, and
- h. The investment policies of the organization.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 9 - Endowment - Continued

Relevant Law - Continued

2014

Endowment net asset composition by type of fund:

	December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,407,105	\$ 2,585,414	\$ 4,992,519
Board-designated endowment funds	1,199,784			1,199,784
Total funds	\$ 1,199,784	\$ 2,407,105	\$ 2,585,414	\$ 6,192,303

Changes in endowment net assets:

	Year Ended December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 1,130,646	\$ 2,188,245	\$ 2,585,414	\$ 5,904,305
Investment income	27,880	125,832	-	153,712
Net gain, realized	28,544	77,381	-	105,925
Fees to managers	(8,675)	(28,282)	-	(36,957)
Net gain, unrealized	14,994	43,929	-	58,923
Total investment return	62,743	218,860	-	281,603
Contributions	6,395	-	-	6,395
Endowment net assets, <i>end of year</i>	\$ 1,199,784	\$ 2,407,105	\$ 2,585,414	\$ 6,192,303

2013

Endowment net asset composition by type of fund:

	December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,188,245	\$ 2,585,414	\$ 4,773,659
Board-designated endowment funds	1,130,646	-	-	1,130,646
Total funds	\$ 1,130,646	\$ 2,188,245	\$ 2,585,414	\$ 5,904,305

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 9 - Endowment - Continued

Relevant Law - Continued

2013 - Continued

Changes in endowment net assets:

	Year Ended December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 912,037	\$ 1,312,320	\$ 2,585,414	\$ 4,809,771
Investment return				
Investment income	25,377	120,432	-	145,809
Net gain, realized	83,938	317,270	-	401,208
Fees to managers	(5,415)	(26,854)	-	(32,269)
Net gain, unrealized	113,359	465,077	-	578,436
Total investment return	<u>217,259</u>	<u>875,925</u>	<u>-</u>	<u>1,093,184</u>
Contributions	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
Endowment net assets, <i>end of year</i>	<u>\$ 1,130,646</u>	<u>\$ 2,188,245</u>	<u>\$ 2,585,414</u>	<u>\$ 5,904,305</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires SPAC to retain it as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in unrestricted net assets. These deficiencies could result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no such deficiencies as of December 31, 2014 and 2013.

Return Objectives and Risk Parameters

SPAC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SPAC must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to obtain a real rate of return on plan assets so that plan assets both grow in value at a rate that exceeds the rate of inflation over the long-term and in a way that limits yearly volatility to acceptable levels as reviewed and determined by the Investment Committee.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, SPAC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SPAC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 9 - Endowment - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

SPAC's policy for distributing endowment fund earnings is based on the need to support its classical programming. Whether any distributions are made from endowment funds is decided annually by the Board of Directors in conjunction with SPAC's annual operating budget. Accordingly, over the long term, SPAC expects the current spending policy to allow its endowment to grow at a rate that exceeds the rate of inflation. This is consistent with SPAC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 10 - In-Kind Contributions

In 2014 and 2013, SPAC entered into barter agreements, whereby it received \$269,308 and \$326,405, respectively, in gifts in-kind. A portion of these gifts include exchanging ticket inventory for future advertising credits. When these gifts included ticket inventory, the value of the ticket inventory, at the lower of cost or market value, was netted against the value of the gift in-kind, and only the net value was recorded as in-kind.

Note 11 - License Agreement

SPAC has an agreement with a third party to receive exclusive right and license to book, co-promote, co-produce, and co-present all Touring and Professional (T&P) events at SPAC through September 2019. In consideration of a guaranteed fee paid to SPAC each year, plus a percentage based on attendance, the third party is entitled to all revenues derived from, relating to, or otherwise generated by the presentation of T&P events presented at SPAC. In addition, the third party shall bare all the financial risk associated with the promotion, production, and presentation of each T&P event.

Note 12 - Related Party Transactions

During 1998, SPAC's Board of Directors entered into an employment agreement with the then President of SPAC for a term of eight years. The agreement included provisions for a variable split dollar life insurance policy and an estate enhancement program last survivor variable split dollar life insurance policy. Under the terms of the agreement, SPAC was obligated to pay annual premiums on these policies and is to be repaid in full for those premiums from the proceeds of the policies. Additionally, the agreement includes a supplemental retirement agreement which provides for annual payments to be made to a deferred compensation account of which SPAC is the beneficiary. Payments to SPAC's then President are scheduled to begin at the later of his attainment of age 60 or his retirement date. The individual resigned and a termination agreement resolved most aspects of the employment agreement. In 2014, SPAC was entitled to recoup a portion of the cumulative premium payments related to the split-dollar life insurance policy. SPAC received cumulative premiums of \$444,752 in 2014. Assets of SPAC under these provisions of the agreements are reflected in the combined statements of financial position as insurance premiums receivable.

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 13 - Commitments and Contingencies

a. Concentrations of Credit Risk

SPAC and the Museum maintain cash balances in several financial institutions located in the Northeast. Accounts at these institutions are insured up to certain limits, established by the Federal Deposit Insurance Corporation (FDIC). At times, SPAC and the Museum have bank deposits in excess of amounts insured by the FDIC.

b. License and Lease Agreements

SPAC constructed an amphitheater on land owned by the State of New York, at a cost of \$2,687,986 from 1964 to 1966. In accordance with the provisions of a licensee agreement dated March 1, 1969, SPAC transferred title of the amphitheater to the State in exchange for exclusive use of the amphitheater during the months of June through September each year for a period of fifty years. SPAC has the right to renew the license, which expires February 28, 2019, for an additional period of fifty years.

The Museum is currently leasing its facility from the New York State Office of Parks, Recreation and Historic Preservation. The original lease was signed in December 1984. The most recent amendment extends the lease until December 31, 2017. The lease requires an annual rental payment of \$25,000.

c. Escrow Account

SPAC is party to an agreement with the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) granting SPAC a license to use the Hall of Springs for the purpose of operating a concession for the sale of food and beverages through March 2016. Under the terms of the agreement, SPAC is required to remit to OPRHP the greater of \$20,000 or 45% of the revenue earned by SPAC under the agreement on an annual basis. Additionally, SPAC is required to deposit an additional 10% of annual revenues earned into a replacement and refurbishment account. The intent of the account is to provide funds to enhance and refurbish portions of the license's premises. All expenditures from the account require the prior approval of OPRHP and co-authorization by SPAC and OPRHP. SPAC's liability under the agreement is \$152,954 and 125,668 at December 31, 2014 and 2013, respectively, and is reflected in accounts payable and accrued expenses on the combined statements of financial position.

Note 14 - Fair Value of Financial Instruments

U.S. GAAP provides a framework for measuring fair value that includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 Unobservable inputs that are supported by little or no market activity

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements December 31, 2014 and 2013

Note 14 - Fair Value of Financial Instruments - Continued

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2014 and 2013:

Common Stocks and U.S. Treasury Obligations: Valued at the quoted closing price reported in the active market in which the individual security is traded.

Mutual Funds: Valued at the quoted net asset value (NAV) of shares held at year-end.

Mortgage-Backed Securities and Corporate Bonds: Valued at yields currently available on comparable securities of issuers with similar credit ratings. Corporate bonds are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

A summary of assets measured at fair value on a recurring basis are summarized below:

	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Basic materials	\$ 334,072	\$ -	\$ -	\$ 334,072
Consumer goods	396,230	-	-	396,230
Financial	1,127,731	-	-	1,127,731
Health care	414,001	-	-	414,001
Industrial	301,712	-	-	301,712
Service	456,368	-	-	456,368
Technology	679,421	-	-	679,421
Utilities	33,375	-	-	33,375
Total	<u>3,742,910</u>	<u>-</u>	<u>-</u>	<u>3,742,910</u>
Fixed income securities				
Real estate	-	75,138	-	75,138
Corporate bonds	-	804,377	-	804,377
Mortgage backed securities	-	1,043	-	1,043
U.S. treasury obligations	51,832	-	-	51,832
Total	<u>51,832</u>	<u>880,558</u>	<u>-</u>	<u>932,390</u>
Mutual funds				
Bond Funds	189,120	-	-	189,120
Growth Funds	283,000	-	-	283,000
Value Funds	564,032	-	-	564,032
World Stock Funds	286,840	-	-	286,840
	<u>1,322,992</u>	<u>-</u>	<u>-</u>	<u>1,322,992</u>
Total investments	<u>\$ 5,117,734</u>	<u>\$ 880,558</u>	<u>\$ -</u>	<u>\$ 5,998,292</u>

Saratoga Performing Arts Center, Inc. and National Museum of Dance

Notes to Combined Financial Statements
December 31, 2014 and 2013

Note 14 - Fair Value of Financial Instruments - Continued

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Basic materials	\$ 319,334	\$ -	\$ -	\$ 319,334
Consumer goods	375,268	-	-	375,268
Financial	906,609	-	-	906,609
Health care	485,013	-	-	485,013
Industrial	644,685	-	-	644,685
Service	317,798	-	-	317,798
Technology	446,148	-	-	446,148
Utilities	29,487	-	-	29,487
Total	<u>3,524,342</u>	<u>-</u>	<u>-</u>	<u>3,524,342</u>
Fixed income securities				
Corporate bonds	-	590,319	-	590,319
Mortgage backed securities	-	1,091	-	1,091
U.S. treasury obligations	53,865	-	-	53,865
Total	<u>53,865</u>	<u>591,410</u>	<u>-</u>	<u>645,275</u>
Mutual funds				
Bank Loan Funds	185,220	-	-	185,220
Bond Funds	195,648	-	-	195,648
Growth Funds	309,500	-	-	309,500
Value Funds	540,288	-	-	540,288
World Stock Funds	311,264	-	-	311,264
	<u>1,541,920</u>	<u>-</u>	<u>-</u>	<u>1,541,920</u>
Total investments	<u>\$ 5,120,127</u>	<u>\$ 591,410</u>	<u>\$ -</u>	<u>\$ 5,711,537</u>

Note 15 - Pending Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full prospective or retrospective cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2017. SPAC and the Museum have not yet selected a transition method and are currently evaluating the effect that the updated standard will have on the combined financial statements.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Statement of Financial Position - Saratoga Performing Arts Center, Inc.

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,404,267	\$ 1,156,900
Accounts receivable, net	360,836	330,621
Accrued interest receivable	8,335	7,337
Other current assets	75,848	70,462
Due from affiliate	107,381	104,744
Total current assets	1,956,667	1,670,064
OTHER ASSETS		
Investments	5,998,292	5,711,537
Leasehold improvements and equipment, net	1,144,381	1,198,181
Insurance premiums receivable	159,950	604,702
	\$ 9,259,290	\$ 9,184,484
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 319,024	\$ 220,690
Accrued pension expense	89,495	115,231
Current installments of postretirement benefits	15,554	90,882
Deferred revenues	1,274,343	1,585,864
Total current liabilities	1,698,416	2,012,667
LONG-TERM LIABILITIES		
Liability for postretirement benefits, less current installments	32,301	450,732
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Board designated	1,199,784	1,130,646
Undesignated	1,336,270	816,780
	2,536,054	1,947,426
Temporarily restricted	2,407,105	2,188,245
Permanently restricted	2,585,414	2,585,414
Total net assets	7,528,573	6,721,085
	\$ 9,259,290	\$ 9,184,484

See Independent Auditor's Report.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Statement of Activities - Saratoga Performing Arts Center, Inc.

	Year Ended December 31, 2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
OPERATING REVENUES AND GAINS					
Ticket sales and admissions	\$ 3,051,151	\$ -	\$ -	\$ 3,051,151	\$ 2,654,560
Membership revenues	2,137,029	-	-	2,137,029	1,893,945
Unrestricted gifts and grants	6,395	-	-	6,395	1,350
Restricted gifts and grants	1,130,395	8,699	-	1,139,094	767,569
Fundraising benefits, net	425,843	-	-	425,843	466,413
Third-party license fees	1,182,128	-	-	1,182,128	1,343,259
Other operating revenues, net	571,325	-	-	571,325	464,424
	<u>8,504,266</u>	<u>8,699</u>	<u>-</u>	<u>8,512,965</u>	<u>7,591,520</u>
OPERATING EXPENSES					
Performance costs					
Direct talent costs	4,406,877	-	-	4,406,877	3,840,490
Production expenses	1,218,420	-	-	1,218,420	991,180
Advertising and publicity	664,039	-	-	664,039	731,041
Box office	207,300	-	-	207,300	200,501
Administrative and general	1,688,715	28,282	-	1,716,997	1,797,007
Depreciation	227,743	-	-	227,743	221,403
	<u>8,413,094</u>	<u>28,282</u>	<u>-</u>	<u>8,441,376</u>	<u>7,781,622</u>
Operating revenues in excess of operating expenses	<u>91,172</u>	<u>(19,583)</u>	<u>-</u>	<u>71,589</u>	<u>(190,102)</u>
NON-OPERATING REVENUES AND GAINS					
Investment income, net	27,880	117,133	-	145,013	137,628
Gains on sales of investments, net	28,544	77,381	-	105,925	401,208
Unrealized gains on investments, net	14,994	43,929	-	58,923	578,436
Other interest income	1,957	-	-	1,957	2,266
	<u>73,375</u>	<u>238,443</u>	<u>-</u>	<u>311,818</u>	<u>1,119,538</u>
OTHER CHANGE IN NET ASSETS					
Pension related income other than net periodic costs	424,081	-	-	424,081	391,983
	<u>424,081</u>	<u>-</u>	<u>-</u>	<u>424,081</u>	<u>391,983</u>
CHANGE IN NET ASSETS	<u>588,628</u>	<u>218,860</u>	<u>-</u>	<u>807,488</u>	<u>1,321,419</u>
NET ASSETS, beginning of year	<u>1,947,426</u>	<u>2,188,245</u>	<u>2,585,414</u>	<u>6,721,085</u>	<u>5,399,666</u>
NET ASSETS, end of year	<u>\$ 2,536,054</u>	<u>\$ 2,407,105</u>	<u>\$ 2,585,414</u>	<u>\$ 7,528,573</u>	<u>\$ 6,721,085</u>

See Independent Auditor's Report.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Summary of Statement of Activities Based on
Internal Operating Statement - Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2014	2013
OPERATING REVENUES		
Ticket sales and admissions	\$ 3,051,151	\$ 2,654,560
Gifts and bequests	1,145,489	768,919
Third-party license fees	1,182,128	1,343,259
Membership revenues	2,137,029	1,893,945
Fundraising benefits, net	425,843	466,413
Other operating revenues, net	571,325	464,424
	<u>8,512,965</u>	<u>7,591,520</u>
OPERATING EXPENSES		
Direct talent	4,406,877	3,840,490
Production expenses	1,218,420	991,180
Advertising and publicity	664,039	731,041
Box office	207,300	200,501
Administrative and general	1,680,040	1,764,737
	<u>8,176,676</u>	<u>7,527,949</u>
Operating income	<u>336,289</u>	<u>63,571</u>
NON-OPERATING REVENUE (EXPENSES)		
Depreciation	(227,743)	(221,403)
Investment income	146,970	139,894
Gains on sales of investments, net	105,925	401,208
Investment management fees	(36,957)	(32,270)
Other pension related gains	424,081	391,983
Unrealized gains on investments, net	58,923	578,436
	<u>58,923</u>	<u>578,436</u>
Net income	<u>\$ 807,488</u>	<u>\$ 1,321,419</u>

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Statement of Financial Position - National Museum of Dance

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 663,449	\$ 666,164
Accounts receivable	1,516	8,823
Other current assets	7,587	16,262
Total current assets	672,552	691,249
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	701,941	296,497
	\$ 1,374,493	\$ 987,746
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 61,538	\$ 87,044
Deferred revenues	73,907	83,477
Due to affiliate	107,381	104,744
Total current liabilities	242,826	275,265
NET ASSETS		
Unrestricted	1,117,667	712,481
Temporarily restricted	14,000	-
Total net assets	1,131,667	712,481
	\$ 1,374,493	\$ 987,746

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Statement of Activities - National Museum of Dance

	Year Ended December 31, 2014			2013 Total
	Unrestricted	Temporarily Restricted	2014 Total	
REVENUES AND GAINS				
Admissions	\$ 14,129	\$ -	\$ 14,129	\$ 19,131
Membership revenue	21,612	-	21,612	23,505
Unrestricted gifts and grants	870	-	870	1,665
Restricted gifts and grants	25,773	14,000	39,773	158,031
Fund raising, net	219,548	-	219,548	171,631
Exceptional gifts	420,000	-	420,000	221,081
Other operating revenues, net	307,880	-	307,880	282,576
	<u>1,009,812</u>	<u>14,000</u>	<u>1,023,812</u>	<u>877,620</u>
EXPENSES				
Museum program	177,654	-	177,654	198,120
Advertising and publicity	14,146	-	14,146	10,739
Administrative and general	332,635	-	332,635	330,264
Depreciation	80,811	-	80,811	35,429
	<u>605,246</u>	<u>-</u>	<u>605,246</u>	<u>574,552</u>
Operating revenues in excess of operating expenses	404,566	14,000	418,566	303,068
NON-OPERATING REVENUES AND GAINS				
Interest income	620	-	620	584
	<u>620</u>	<u>-</u>	<u>620</u>	<u>584</u>
CHANGE IN NET ASSETS	405,186	14,000	419,186	303,652
NET ASSETS, <i>beginning of year</i>	712,481	-	712,481	408,829
NET ASSETS, <i>end of year</i>	<u>\$ 1,117,667</u>	<u>\$ 14,000</u>	<u>\$ 1,131,667</u>	<u>\$ 712,481</u>

See Independent Auditor's Report.

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information -
Summary of Statement of Activities Based on
Internal Operating Statement - National Museum of Dance

	Years Ended December 31,	
	2014	2013
OPERATING REVENUES		
Admissions	\$ 14,129	\$ 19,131
Service fees	486,115	406,000
Gifts and grants	40,643	159,696
Membership income	21,612	23,505
Interest income	620	584
Revenues from auxiliary activities	14,437	25,627
Fundraising income, net	219,548	171,631
Other operating revenues	798	2,496
	<u>797,902</u>	<u>808,670</u>
OPERATING EXPENSES		
Program expenses	191,800	208,859
Management and general	332,635	330,264
Costs of sales and expense of auxiliary activities	193,470	151,547
	<u>717,905</u>	<u>690,670</u>
Operating income	79,997	118,000
NON-OPERATING REVENUE (EXPENSES)		
Exceptional gifts	420,000	221,081
Depreciation	(80,811)	(35,429)
	<u>(80,811)</u>	<u>(35,429)</u>
Net income	<u>\$ 419,186</u>	<u>\$ 303,652</u>

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information - Other Operating Revenues
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2014	2013
RESTAURANT		
Fees	\$ 345,224	\$ 324,977
Less related expenses	159,874	151,290
	185,350	173,687
AMPHITHEATER		
Rental fees	84,740	135,129
Less related expenses	37,596	77,203
	47,144	57,926
BOX OFFICE SERVICE FEES	265,427	160,343
HOUSE PROGRAM AND SOUVENIR ITEMS	7,230	3,353
SARATOGA JAZZ FESTIVAL	44,656	43,286
OTHER	21,518	25,829
	\$ 571,325	\$ 464,424

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information - Production Expenses
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2014	2013
SALARIES AND WAGES		
Stage crew	\$ 278,517	\$ 219,585
Security and parking	44,283	45,677
Theater staff	79,160	78,267
Payroll taxes	28,363	20,232
Other	16,921	17,942
	447,244	381,703
Custodial supplies	5,802	4,168
Electrical supplies	111,696	64,909
Licenses and fees	3,594	3,403
Maintenance	58,413	70,729
Maintenance of grounds	77,994	54,905
Musical and sound rental	158,373	112,408
Piano tuning	2,280	1,520
Utilities	62,987	57,291
Other	290,037	240,144
	\$ 1,218,420	\$ 991,180

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information - Advertising and Publicity Expenses
Saratoga Performing Arts Center, Inc.

	<u>Years Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Salaries and wages	\$ 219,179	\$ 295,259
Payroll taxes	22,237	27,182
Advertising and publicity	330,426	333,635
Design of advertising	13,371	41,555
Mailing list maintenance	2,140	1,015
Printing	23,181	17,341
Other	53,505	15,054
	<u>\$ 664,039</u>	<u>\$ 731,041</u>

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information - Box Office Expenses
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2014	2013
Salaries and wages	\$ 109,488	\$ 106,522
Payroll taxes	14,345	14,191
Printing and forms	3,783	4,717
Service charges	73,714	67,562
Other	5,970	7,509
	<u>\$ 207,300</u>	<u>\$ 200,501</u>

**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Supplementary Information - Administrative and General Expenses
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2014	2013
Salaries and wages	\$ 858,577	\$ 833,536
Payroll taxes	76,714	68,840
Employee benefits	232,645	342,627
Accounting and legal	28,000	39,950
Bad debt expense	3,970	26,401
Custodial	8,556	8,431
Development office fund raising	93,962	98,267
Dues and subscriptions	4,905	4,997
Equipment rental	50,767	57,654
Facility repairs and maintenance	33,314	49,501
Insurance	114,029	99,705
Investment management fees	36,957	32,270
Office supplies	20,296	16,313
Postage	24,051	31,674
Telephone	34,317	26,094
Travel and entertainment, Director	34,740	21,503
Other	61,197	39,244
	<u>\$ 1,716,997</u>	<u>\$ 1,797,007</u>