



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

Combined Financial Statements

December 31, 2016 and 2015

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

## Combined Financial Statements

December 31, 2016 and 2015

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## **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 statement of financial position as of December 31, 2016, the related combined statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from 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 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, 2016, and the changes in combined net assets and combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Prior Year Financial Statements*

The combined financial statements of Saratoga Performing Arts Center, Inc. and the National Museum of Dance, as of and for the year ended December 31, 2015, were audited by other auditors whose report dated March 10, 2016, expressed an unmodified opinion on those combined statements.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as of and for the year ended December 31, 2016, as a whole. The accompanying supplementary information 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 as of and for the year ended December 31, 2016, has been subjected to the auditing procedures applied in the audit 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 as of and for the year ended December 31, 2016, is fairly stated in all material respects in relation to the combined financial statements as a whole.

The supplementary information as of and for the year ended December 31, 2015, was audited by other auditors whose report dated March 10, 2016, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

BST & CO. CPAs, LLP

Albany, New York  
March 9, 2017



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

Combined Statements of Financial Position

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,057,515	\$ 2,443,784
Accounts receivable, net	538,901	498,497
Current installments of contributions receivable, net	546,566	-
Accrued interest receivable	10,743	7,540
Other current assets	121,358	127,215
Total current assets	4,275,083	3,077,036
<b>OTHER ASSETS</b>		
Contributions receivable, net, less current installments	545,596	-
Investments	6,404,670	5,517,101
Leasehold improvements and equipment, net	1,992,864	1,747,043
Insurance premiums receivable	241,735	159,950
	<b>\$ 13,459,948</b>	<b>\$ 10,501,130</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 474,838	\$ 387,001
Accrued pension expense	217,465	91,316
Deferred revenues	1,833,621	1,722,890
Total current liabilities	2,525,924	2,201,207
<b>LONG-TERM LIABILITIES</b>		
Liability for postretirement benefits	89,275	106,067
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted		
Board designated	1,331,673	1,162,372
Undesignated	2,537,916	2,184,662
	3,869,589	3,347,034
Temporarily restricted	4,279,746	2,261,408
Permanently restricted	2,695,414	2,585,414
Total net assets	10,844,749	8,193,856
	<b>\$ 13,459,948</b>	<b>\$ 10,501,130</b>

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, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>OPERATING REVENUES AND GAINS</b>				
Ticket sales and admissions	\$ 3,351,732	\$ -	\$ -	\$ 3,351,732
Membership revenues	2,803,716	-	-	2,803,716
Unrestricted gifts and grants	101,460	-	-	101,460
Restricted gifts and grants	1,294,342	1,551,671	110,000	2,956,013
Fundraising event income	1,356,887	-	-	1,356,887
Exceptional gifts	411,984	-	-	411,984
Third-party license fees	1,450,186	-	-	1,450,186
Other operating revenues	1,415,064	-	-	1,415,064
Net assets released from restriction	34,216	(34,216)	-	-
	<u>12,219,587</u>	<u>1,517,455</u>	<u>110,000</u>	<u>13,847,042</u>
<b>OPERATING EXPENSES</b>				
Performance costs				
Direct talent	5,005,529	-	-	5,005,529
Production expenses	1,634,525	-	-	1,634,525
Advertising and publicity	1,006,971	-	-	1,006,971
Box office	231,999	-	-	231,999
Fundraising event expense	679,544	-	-	679,544
Other operating expenses	456,802	-	-	456,802
Administrative and general	2,569,574	-	-	2,569,574
Depreciation	358,427	-	-	358,427
	<u>11,943,371</u>	<u>-</u>	<u>-</u>	<u>11,943,371</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>276,216</u>	<u>1,517,455</u>	<u>110,000</u>	<u>1,903,671</u>
<b>NON-OPERATING REVENUES AND GAINS</b>				
Investment income	26,760	112,385	-	139,145
Realized gains on sales of investments, net	31,882	27,355	-	59,237
Unrealized gains on investments, net	114,981	361,143	-	476,124
Other income	87,955	-	-	87,955
	<u>261,578</u>	<u>500,883</u>	<u>-</u>	<u>762,461</u>
<b>OTHER CHANGE IN NET ASSETS</b>				
Pension related expense other than net periodic costs	(15,239)	-	-	(15,239)
<b>CHANGE IN NET ASSETS</b>	<u>522,555</u>	<u>2,018,338</u>	<u>110,000</u>	<u>2,650,893</u>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>3,347,034</u>	<u>2,261,408</u>	<u>2,585,414</u>	<u>8,193,856</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><u>\$ 3,869,589</u></u>	<u><u>\$ 4,279,746</u></u>	<u><u>\$ 2,695,414</u></u>	<u><u>\$ 10,844,749</u></u>

See accompanying Notes to Combined Financial Statements.

	<b>Year Ended December 31, 2015</b>			
	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>OPERATING REVENUES AND GAINS</b>				
Ticket sales and admissions	\$ 3,375,727	\$ -	\$ -	\$ 3,375,727
Membership revenues	2,543,946	-	-	2,543,946
Unrestricted gifts and grants	114,915	-	-	114,915
Restricted gifts and grants	989,956	8,282	-	998,238
Fundraising event income	1,238,959	-	-	1,238,959
Third-party license fees	871,490	-	-	871,490
Other operating revenues	1,236,865	-	-	1,236,865
Net assets released from restriction	33,377	(33,377)	-	-
	<u>10,405,235</u>	<u>(25,095)</u>	<u>-</u>	<u>10,380,140</u>
<b>OPERATING EXPENSES</b>				
Performance costs				
Direct talent	4,859,856	-	-	4,859,856
Production expenses	1,472,397	-	-	1,472,397
Advertising and publicity	756,010	-	-	756,010
Box office	210,348	-	-	210,348
Fundraising event expense	612,003	-	-	612,003
Other operating expenses	399,580	-	-	399,580
Administrative and general	1,915,849	-	-	1,915,849
Depreciation	342,126	-	-	342,126
	<u>10,568,169</u>	<u>-</u>	<u>-</u>	<u>10,568,169</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b><u>(162,934)</u></b>	<b><u>(25,095)</u></b>	<b><u>-</u></b>	<b><u>(188,029)</u></b>
<b>NON-OPERATING REVENUES, GAINS AND LOSSES</b>				
Investment income	25,682	113,886	-	139,568
Realized gains on sales of investments, net	36,310	187,513	-	223,823
Unrealized losses on investments, net	(92,141)	(436,001)	-	(528,142)
Other income	4,193	-	-	4,193
	<u>(25,956)</u>	<u>(134,602)</u>	<u>-</u>	<u>(160,558)</u>
<b>OTHER CHANGE IN NET ASSETS</b>				
Pension related expense other than net periodic costs	(117,797)	-	-	(117,797)
<b>CHANGE IN NET ASSETS</b>	<b><u>(306,687)</u></b>	<b><u>(159,697)</u></b>	<b><u>-</u></b>	<b><u>(466,384)</u></b>
<b>NET ASSETS, <i>beginning of year</i></b>	<b><u>3,653,721</u></b>	<b><u>2,421,105</u></b>	<b><u>2,585,414</u></b>	<b><u>8,660,240</u></b>
<b>NET ASSETS, <i>end of year</i></b>	<b><u>\$ 3,347,034</u></b>	<b><u>\$ 2,261,408</u></b>	<b><u>\$ 2,585,414</u></b>	<b><u>\$ 8,193,856</u></b>

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

Combined Statements of Cash Flows

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,650,893	\$ (466,384)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	358,427	342,126
Realized gains on sales of investments, net	(59,237)	(223,823)
Unrealized (gains) losses on investments, net	(476,124)	528,142
Donated leasehold improvements and equipment	(59,500)	(98,400)
Bad debts	59,840	8,419
(Increase) decrease in		
Accounts receivable	(100,244)	(144,564)
Contributions receivable, net	(1,092,162)	-
Accrued interest receivable	(3,203)	795
Other current assets	5,857	(43,780)
Insurance premiums receivable	(81,785)	-
Increase in		
Accounts payable and accrued expenses	87,837	6,439
Accrued pension expense	109,357	60,033
Deferred revenues	110,731	374,640
	<b>1,510,687</b>	<b>343,643</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Purchases of leaseholds and equipment	(544,748)	(144,447)
Proceeds from sales of investments	1,171,037	2,267,639
Purchases of investments	(1,523,245)	(2,090,767)
	<b>(896,956)</b>	<b>32,425</b>
<b>Net increase in cash and cash equivalents</b>	<b>613,731</b>	<b>376,068</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>2,443,784</b>	<b>2,067,716</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 3,057,515</b>	<b>\$ 2,443,784</b>

See accompanying Notes to Combined Financial Statements.



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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## 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.

All revenues are considered to be available for unrestricted use unless specifically restricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, SPAC and the Museum report the support as unrestricted.

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Unrestricted net assets* are net 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 designation 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 or in a particular future period.

*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 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.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

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

### *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 2 and 15).

### *e. Cash and Cash Equivalents*

SPAC's and the Museum's cash and cash equivalents are defined as short-term, highly liquid investments with an initial maturity of three months or less.

### *f. 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. Interest is not charged on outstanding receivables. The allowance for doubtful accounts was \$47,670 and \$2,000 at December 31, 2016 and 2015, respectively.

### *g. Contributions Receivables*

Contributions receivable represent unconditional promises to give by donors. Contributions receivable that are expected to be collected during the next year are recorded at net realizable value. Contributions receivable expected to be collected after one year are recorded at fair value, which is measured as the present value of estimated future cash flows discounted at an adjusted risk free rate. Amortization of the discount is reflected as contributions. Management considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary at December 31, 2016 or 2015.

Contributions receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A contributions receivable is considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days.

### *h. Investments*

Investments are recorded at fair value. Net realized and unrealized gains (losses) on investments are reflected in the statements of activities. Investments are classified as non-current as they will not be used for current operations.

### *i. Leasehold Improvements and Equipment, Net*

Leasehold improvements and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When leasehold improvements and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is charged to the change in net assets. 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). Amortization of leasehold improvements, which is included with depreciation in these financial statements, is computed over the shorter of the life of the lease or the life of the asset.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

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

### *i. Leasehold Improvements and Equipment, Net - Continued*

Gifts of leasehold improvements and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, SPAC and the Museum report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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, 2016 and 2015.

### *j. Revenue Recognition*

- 1) Membership revenue is recognized at the end of the calendar year membership period. Membership revenue received in advance of the period in which it applies is recorded as deferred revenue.
- 2) Revenues from ticket sales and admissions and third-party license fees are recognized when the event occurs. Any revenue from ticket sales and admissions or third-party license fees received in advance of the event is recorded as deferred revenue.

### *k. 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.

### *l. Allocation of Expenses*

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

### *m. Advertising and Publicity*

Advertising and publicity costs are expensed as incurred.

### *n. 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.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

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

### *n. Tax Status - Continued*

SPAC and the Museum each file 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, 2016 and 2015.

### *o. Subsequent Events*

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 9, 2017, the date the combined financial statements were available to be issued.

### *p. 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, 2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Common stocks	\$ 2,963,333	\$ 1,115,235	\$ -	\$ 4,078,568
Fixed income securities	1,224,315	4,503	-	1,228,818
Mutual funds	1,026,262	71,022	-	1,097,284
Total investments	\$ 5,213,910	\$ 1,190,760	\$ -	\$ 6,404,670
	December 31, 2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Common stocks	\$ 2,677,370	\$ 720,015	\$ -	\$ 3,397,385
Fixed income securities	1,098,833	-	(4,423)	1,094,410
Mutual funds	1,026,262	-	(956)	1,025,306
Total investments	\$ 4,802,465	\$ 720,015	\$ (5,379)	\$ 5,517,101

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## Note 3 - Contributions Receivable, Net

A summary of the timing of amounts due of SPAC's and the Museum's contributions receivable is as follows:

For the year ending December 31,	
2017	\$ 546,566
2018	352,448
2019	159,333
2020	<u>100,000</u>
	1,158,347
Less discounts to present value	<u>(66,185)</u>
Total contributions receivable, net	<u><u>\$ 1,092,162</u></u>

## Note 4 - Leasehold Improvements and Equipment, Net

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

	December 31,	
	<u>2016</u>	<u>2015</u>
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	1,844,161	1,632,914
National Museum of Dance, leasehold improvements	1,908,300	1,908,300
Dance studios	1,048,246	1,048,246
Equipment	<u>2,854,661</u>	<u>2,841,840</u>
	10,343,354	10,119,286
Less accumulated depreciation	<u>8,350,490</u>	<u>8,372,243</u>
	<u><u>\$ 1,992,864</u></u>	<u><u>\$ 1,747,043</u></u>

## Note 5 - 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% (3.37% and 3.12% at December 31, 2016 and 2015, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2016 and 2015. This line-of-credit is secured by investments.

## Note 6 - 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.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

**Note 6 - Employee Benefit Plan - Continued**

*Obligations and Funded Status*

	December 31,	
	2016	2015
Projected benefit obligation	\$ 1,280,578	\$ 1,302,266
Fair value of plan assets	1,191,303	1,196,199
Funded status at end of year	<u>\$ (89,275)</u>	<u>\$ (106,067)</u>

The funded status is recognized as a non-current liability in the statement of financial position.

	December 31,	
	2016	2015
Net periodic pension cost/(income)	<u>\$ (32,031)</u>	<u>\$ (44,027)</u>
Employer contributions	<u>\$ -</u>	<u>\$ 15,558</u>
Benefits paid	<u>\$ 93,864</u>	<u>\$ 154,530</u>

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

	December 31,	
	2016	2015
Discount rate	3.70%	3.85%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2016	2015
Discount rate	3.70%	3.85%
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.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

**Note 6 - Employee Benefit Plan - Continued**

*Plan Assets - Continued*

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

	December 31,	
	2016	2015
Equity securities	60%	65%
Debt securities	36%	33%
Other	4%	2%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2016, was 35%-80% equity securities, 20%-60% debt securities, and 0%-10% other.

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, 2016 and 2015, are summarized below (see Note 15 for definitions of investment classes and levels):

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Common stocks				
Consumer goods	\$ 64,889	\$ -	\$ -	\$ 64,889
Energy	36,349	-	-	36,349
Financial	105,083	-	-	105,083
Health care	69,964	-	-	69,964
Industrial	45,490	-	-	45,490
Information technology	99,192	-	-	99,192
Telecom	36,115	-	-	36,115
	457,082	-	-	457,082

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

**Note 6 - Employee Benefit Plan - Continued**

*Plan Assets - Continued*

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Fixed income securities				
U.S. Treasury obligations	41,663	-	-	41,663
Corporate bonds	-	384,076	-	384,076
	<u>41,663</u>	<u>384,076</u>	<u>-</u>	<u>425,739</u>
Mutual funds				
Emerging Markets Fund	12,988	-	-	12,988
Growth Fund	68,088	-	-	68,088
Value Fund	126,684	-	-	126,684
International Fund	47,880	-	-	47,880
	<u>255,640</u>	<u>-</u>	<u>-</u>	<u>255,640</u>
Cash and cash equivalents	<u>52,842</u>	<u>-</u>	<u>-</u>	<u>52,842</u>
Total investments	<u>\$ 807,227</u>	<u>\$ 384,076</u>	<u>\$ -</u>	<u>\$ 1,191,303</u>
	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Consumer goods	\$ 37,919	\$ -	\$ -	\$ 37,919
Energy	28,907	-	-	28,907
Financial	68,545	-	-	68,545
Health care	79,419	-	-	79,419
Industrial	70,939	-	-	70,939
Information technology	147,045	-	-	147,045
Telecom	34,720	-	-	34,720
	<u>467,493</u>	<u>-</u>	<u>-</u>	<u>467,493</u>
Fixed income securities				
U.S. Treasury obligations	39,490	-	-	39,490
Corporate bonds	-	437,195	-	437,195
	<u>39,490</u>	<u>437,195</u>	<u>-</u>	<u>476,685</u>
Mutual funds				
Emerging Markets Fund	11,960	-	-	11,960
Growth Funds	61,272	-	-	61,272
Value Funds	116,586	-	-	116,586
International Fund	49,095	-	-	49,095
	<u>238,913</u>	<u>-</u>	<u>-</u>	<u>238,913</u>
Cash and cash equivalents	<u>13,108</u>	<u>-</u>	<u>-</u>	<u>13,108</u>
Total investments	<u>\$ 759,004</u>	<u>\$ 437,195</u>	<u>\$ -</u>	<u>\$ 1,196,199</u>



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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

**Note 6 - Employee Benefit Plan - Continued**

*Cash Flows*

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

For the year ending December 31,		
2017	\$	99,273
2018		95,749
2019		92,588
2020		89,733
2021		87,120
2022 through 2026		397,526

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2017.

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 7 - Defined Contribution Plan**

SPAC has a non-contributory defined contribution 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 \$217,465 and \$91,316 were accrued as of December 31, 2016 and 2015, respectively.

**Note 8 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2016	2015
Museum exhibits	\$ 12,184	\$ 12,184
Orchestra Commission	62,500	-
Future operating expenses	1,480,965	-
Classical performances, endowment	2,724,097	2,249,224
	<u>\$ 4,279,746</u>	<u>\$ 2,261,408</u>

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## Note 9 - Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes:

	December 31,	
	2016	2015
Classical performances	\$ 2,500,000	\$ 2,500,000
Other	195,414	85,414
	\$ 2,695,414	\$ 2,585,414

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 designating all income derived from the grant to be used at SPAC's discretion for presentations of ballet, orchestra, chamber music, and opera.

## Note 10 - 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, 2016 and 2015

### Note 10 - Endowment - Continued

#### Relevant Law - Continued

#### 2016

Endowment net asset composition by type of fund:

	December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,724,097	\$ 2,695,414	\$ 5,419,511
Board-designated endowment funds	1,331,673	-	-	1,331,673
Total funds	\$ 1,331,673	\$ 2,724,097	\$ 2,695,414	\$ 6,751,184

Changes in endowment net assets:

	Year Ended December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 1,162,372	\$ 2,249,224	\$ 2,585,414	\$ 5,997,010
Investment income	26,760	120,591	-	147,351
Net gain, realized	31,882	27,355	-	59,237
Fees to managers	(9,092)	(34,216)	-	(43,308)
Net gain, unrealized	114,981	361,143	-	476,124
Total investment return	164,531	474,873	-	639,404
Contributions	4,770	-	110,000	114,770
Endowment net assets, <i>end of year</i>	\$ 1,331,673	\$ 2,724,097	\$ 2,695,414	\$ 6,751,184

#### 2015

Endowment net asset composition by type of fund:

	December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,249,224	\$ 2,585,414	\$ 4,834,638
Board-designated endowment funds	1,162,372	-	-	1,162,372
Total funds	\$ 1,162,372	\$ 2,249,224	\$ 2,585,414	\$ 5,997,010

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## Note 10 - Endowment - Continued

### Relevant Law - Continued

2015 - Continued

Changes in endowment net assets:

	Year Ended December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 1,199,784	\$ 2,407,105	\$ 2,585,414	\$ 6,192,303
Investment return				
Investment income	25,682	122,168	-	147,850
Net gain, realized	36,310	187,513	-	223,823
Fees to managers	(9,452)	(31,561)	-	(41,013)
Net loss, unrealized	(92,141)	(436,001)	-	(528,142)
Total investment return	(39,601)	(157,881)	-	(197,482)
Contributions	2,189	-	-	2,189
Endowment net assets, <i>end of year</i>	\$ 1,162,372	\$ 2,249,224	\$ 2,585,414	\$ 5,997,010

### 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 at 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, 2016 and 2015.

### 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, 2016 and 2015

## **Note 10 - 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 11 - In-Kind Contributions**

In 2016 and 2015, SPAC and the Museum entered into barter agreements, whereby they received \$427,432 and \$260,590, 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 12 - 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 bear all the financial risk associated with the promotion, production, and presentation of each T&P event.

## **Note 13 - 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 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 this policy and is to be repaid in full for those premiums from the proceeds of the policy. SPAC is entitled to receive the greater of the premiums paid or cash surrender value of the policy. These payments are recorded on the statement of activities as insurance premiums receivable.

## **Note 14 - Commitments and Risks**

### *a. Concentrations of Credit Risk*

SPAC and the Museum maintain cash balances in several financial institutions.. 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.

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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## Note 14 - Commitments and Risks - Continued

### *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 (OPRHP). 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 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 2021. Under the terms of the agreement, SPAC is required to remit to OPRHP the greater of \$135,000, 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 licensed 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 \$194,940 and \$181,386 at December 31, 2016 and 2015, respectively, and is reflected in accounts payable and accrued expenses on the combined statements of financial position.

## Note 15 - 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 (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

- Level 1 Unadjusted quoted market prices in active markets for identical assets.
- 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.

The 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.

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

## Notes to Combined Financial Statements December 31, 2016 and 2015

### Note 15 - Fair Value of Financial Instruments - Continued

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2016 and 2015:

*Common Stocks:* 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.

*Fixed Income Securities:* 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, 2016			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Common stocks</b>				
Basic materials	\$ 308,494	\$ -	\$ -	\$ 308,494
Consumer goods	534,166	-	-	534,166
Financial	794,577	-	-	794,577
Health care	561,709	-	-	561,709
Industrial	254,349	-	-	254,349
Service	954,533	-	-	954,533
Technology	643,704	-	-	643,704
Utilities	27,036	-	-	27,036
Total	<u>4,078,568</u>	<u>-</u>	<u>-</u>	<u>4,078,568</u>
<b>Fixed income securities</b>				
Corporate bonds	-	1,228,125	-	1,228,125
Mortgage backed securities	-	693	-	693
Total	<u>-</u>	<u>1,228,818</u>	<u>-</u>	<u>1,228,818</u>
<b>Mutual funds</b>				
Growth Funds	283,700	-	-	283,700
Value Funds	556,416	-	-	556,416
World Stock Funds	257,168	-	-	257,168
Total	<u>1,097,284</u>	<u>-</u>	<u>-</u>	<u>1,097,284</u>
Total investments	<u>\$ 5,175,852</u>	<u>\$ 1,228,818</u>	<u>\$ -</u>	<u>\$ 6,404,670</u>

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

## Notes to Combined Financial Statements December 31, 2016 and 2015

### Note 15 - Fair Value of Financial Instruments - Continued

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Common stocks				
Basic materials	\$ 331,719	\$ -	\$ -	\$ 331,719
Consumer goods	242,255	-	-	242,255
Financial	923,155	-	-	923,155
Health care	428,628	-	-	428,628
Industrial	224,088	-	-	224,088
Service	478,193	-	-	478,193
Technology	732,097	-	-	732,097
Utilities	37,250	-	-	37,250
Total	<u>3,397,385</u>	<u>-</u>	<u>-</u>	<u>3,397,385</u>
Fixed income securities				
Corporate bonds	-	1,019,182	-	1,019,182
Mortgage backed securities	-	75,228	-	75,228
Total	<u>-</u>	<u>1,094,410</u>	<u>-</u>	<u>1,094,410</u>
Mutual funds				
Growth Funds	255,300	-	-	255,300
Value Funds	512,064	-	-	512,064
World Stock Funds	257,942	-	-	257,942
Total	<u>1,025,306</u>	<u>-</u>	<u>-</u>	<u>1,025,306</u>
Total investments	<u>\$ 4,422,691</u>	<u>\$ 1,094,410</u>	<u>\$ -</u>	<u>\$ 5,517,101</u>

### Note 16 - Accounting Standards Issued But Not Yet Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. SPAC and the Museum have not yet selected a transition method and are currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard on the combined financial statements. SPAC and the Museum currently expect that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized in the statement of financial position in amounts that will be material.



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

Notes to Combined Financial Statements  
December 31, 2016 and 2015

## **Note 16 - Accounting Standards Issued But Not Yet Implemented - Continued**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. SPAC and the Museum are currently evaluating the impact the adoption of this guidance will have on its financial statements.

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

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

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,407,911	\$ 1,796,822
Accounts receivable, net	538,701	497,997
Current installments of contributions receivable, net	546,566	-
Accrued interest receivable	10,743	7,540
Other current assets	76,751	117,330
Due from affiliate	133,157	88,835
Total current assets	3,713,829	2,508,524
<b>OTHER ASSETS</b>		
Contributions receivable, net, less current installments	545,596	-
Investments	6,404,670	5,517,101
Leasehold improvements and equipment, net	1,341,745	1,042,457
Insurance premiums receivable	241,735	159,950
	<b>\$ 12,247,575</b>	<b>\$ 9,228,032</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 424,749	\$ 327,076
Accrued pension expense	217,465	91,316
Deferred revenues	1,818,188	1,694,870
Total current liabilities	2,460,402	2,113,262
<b>LONG-TERM LIABILITIES</b>		
Liability for postretirement benefits	89,275	106,067
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted		
Board designated	1,331,673	1,162,372
Undesignated	1,403,249	1,011,693
	2,734,922	2,174,065
Temporarily restricted	4,267,562	2,249,224
Permanently restricted	2,695,414	2,585,414
Total net assets	9,697,898	7,008,703
	<b>\$ 12,247,575</b>	<b>\$ 9,228,032</b>

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.

	Years Ended December 31, 2016 and 2015				2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	
<b>OPERATING REVENUES AND GAINS</b>					
Ticket sales and admissions	\$ 3,333,738	\$ -	\$ -	\$ 3,333,738	\$ 3,357,259
Membership revenues	2,794,440	-	-	2,794,440	2,530,631
Unrestricted gifts and grants	41,770	-	-	41,770	175
Restricted gifts and grants	1,221,362	1,551,671	110,000	2,883,033	916,889
Exceptional gifts	411,984	-	-	411,984	-
Fundraising event income	1,019,757	-	-	1,019,757	938,127
Third-party license fees	1,450,186	-	-	1,450,186	871,490
Other operating revenues	938,911	-	-	938,911	767,224
Net assets released from restrictions	34,216	(34,216)	-	-	-
	<u>11,246,364</u>	<u>1,517,455</u>	<u>110,000</u>	<u>12,873,819</u>	<u>9,381,795</u>
<b>OPERATING EXPENSES</b>					
Performance costs					
Direct talent	5,005,529	-	-	5,005,529	4,859,856
Production expenses	1,467,737	-	-	1,467,737	1,299,244
Advertising and publicity	990,421	-	-	990,421	744,212
Box office	231,999	-	-	231,999	210,348
Fundraising event expenses	566,844	-	-	566,844	491,423
Other operating expenses	233,406	-	-	233,406	199,842
Administrative and general	2,194,759	-	-	2,194,759	1,583,834
Depreciation	240,369	-	-	240,369	233,900
	<u>10,931,064</u>	<u>-</u>	<u>-</u>	<u>10,931,064</u>	<u>9,622,659</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b><u>315,300</u></b>	<b><u>1,517,455</u></b>	<b><u>110,000</u></b>	<b><u>1,942,755</u></b>	<b><u>(240,864)</u></b>
<b>NON-OPERATING REVENUES, GAINS AND LOSSES</b>					
Investment income, net	26,760	112,385	-	139,145	139,568
Realized gains on sales of investments, net	31,882	27,355	-	59,237	223,823
Unrealized gains (losses) on investments, net	114,981	361,143	-	476,124	(528,142)
Other income	87,173	-	-	87,173	3,542
	<u>260,796</u>	<u>500,883</u>	<u>-</u>	<u>761,679</u>	<u>(161,209)</u>
<b>OTHER CHANGE IN NET ASSETS</b>					
Pension related income other than net periodic costs	(15,239)	-	-	(15,239)	(117,797)
<b>CHANGE IN NET ASSETS</b>	<b><u>560,857</u></b>	<b><u>2,018,338</u></b>	<b><u>110,000</u></b>	<b><u>2,689,195</u></b>	<b><u>(519,870)</u></b>
<b>NET ASSETS, beginning of year</b>	<u>2,174,065</u>	<u>2,249,224</u>	<u>2,585,414</u>	<u>7,008,703</u>	<u>7,528,573</u>
<b>NET ASSETS, end of year</b>	<b><u>\$ 2,734,922</u></b>	<b><u>\$ 4,267,562</u></b>	<b><u>\$ 2,695,414</u></b>	<b><u>\$ 9,697,898</u></b>	<b><u>\$ 7,008,703</u></b>

**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.

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>UNRESTRICTED OPERATING REVENUES</b>		
Ticket sales and admissions	\$ 3,333,738	\$ 3,357,259
Membership revenues	2,794,440	2,530,631
Gifts and bequests	1,263,132	908,782
Third-party license fees	1,450,186	871,490
Fundraising event income	1,019,757	938,127
Other operating revenues	938,911	767,224
Unrestricted operating revenues	<b>10,800,164</b>	<b>9,373,513</b>
<b>OPERATING EXPENSES</b>		
Direct talent	5,005,529	4,859,856
Production expenses	1,467,737	1,299,244
Advertising and publicity	990,421	744,212
Box office	231,999	210,348
Fundraising event expense	566,844	491,423
Other operating expenses	233,406	199,842
Administrative and general	2,151,451	1,542,821
Operating expenses	<b>10,647,387</b>	<b>9,347,746</b>
<b>Unrestricted operating income</b>	<b>152,777</b>	<b>25,767</b>
<b>TEMPORARILY RESTRICTED OPERATING REVENUES</b>		
Gifts and bequests	1,551,671	8,282
<b>PERMANENTLY RESTRICTED OPERATING REVENUES</b>		
Gifts and bequests	110,000	-
<b>Operating income</b>	<b>1,814,448</b>	<b>34,049</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Exceptional gifts	411,984	-
Depreciation	(240,369)	(233,900)
Investment income	226,318	143,110
Realized gains on sales of investments, net	59,237	223,823
Investment management fees	(43,308)	(41,013)
Other pension related gains	(15,239)	(117,797)
Unrealized gains on investments, net	476,124	(528,142)
<b>Net income (loss)</b>	<b>\$ 2,689,195</b>	<b>\$ (519,870)</b>

See Independent Auditor's Report.

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

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

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 649,604	\$ 646,962
Accounts receivable	200	500
Other current assets	44,607	9,885
Total current assets	694,411	657,347
<b>LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net</b>	651,119	704,586
	<b>\$ 1,345,530</b>	<b>\$ 1,361,933</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 50,089	\$ 59,925
Deferred revenues	15,433	28,020
Due to affiliate	133,157	88,835
Total current liabilities	198,679	176,780
<b>NET ASSETS</b>		
Unrestricted	1,134,667	1,172,969
Temporarily restricted	12,184	12,184
Total net assets	1,146,851	1,185,153
	<b>\$ 1,345,530</b>	<b>\$ 1,361,933</b>

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

Supplementary Information -  
Statement of Activities - National Museum of Dance

	Years Ended December 31,			
	Unrestricted	Temporarily Restricted	2016 Total	
<b>REVENUES AND GAINS</b>				
Admissions	\$ 17,994	\$ -	\$ 17,994	\$ 18,468
Membership revenue	9,276	-	9,276	13,315
Unrestricted gifts and grants	59,690	-	59,690	114,740
Restricted gifts and grants	72,980	-	72,980	81,349
Fundraising event income	337,130	-	337,130	300,832
Other operating revenues	476,153	-	476,153	469,641
	<u>973,223</u>	<u>-</u>	<u>973,223</u>	<u>998,345</u>
<b>EXPENSES</b>				
Museum program	166,788	-	166,788	173,153
Advertising and publicity	16,550	-	16,550	11,798
Fundraising event expense	112,700	-	112,700	120,580
Other operating expenses	223,396	-	223,396	199,738
Administrative and general	374,815	-	374,815	332,015
Depreciation	118,058	-	118,058	108,226
	<u>1,012,307</u>	<u>-</u>	<u>1,012,307</u>	<u>945,510</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(39,084)</b>	<b>-</b>	<b>(39,084)</b>	<b>52,835</b>
<b>NON-OPERATING REVENUES</b>				
Interest income	782	-	782	651
	<u>782</u>	<u>-</u>	<u>782</u>	<u>651</u>
<b>CHANGE IN NET ASSETS</b>	<b>(38,302)</b>	<b>-</b>	<b>(38,302)</b>	<b>53,486</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>1,172,969</u>	<u>12,184</u>	<u>1,185,153</u>	<u>1,131,667</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 1,134,667</b></u>	<u><b>\$ 12,184</b></u>	<u><b>\$ 1,146,851</b></u>	<u><b>\$ 1,185,153</b></u>

**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

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>OPERATING REVENUES</b>		
Admissions	\$ 17,994	\$ 18,468
Service fees	461,098	456,516
Gifts and grants	132,670	196,089
Membership income	9,276	13,315
Interest income	782	651
Revenues from auxiliary activities	15,005	12,820
Fundraising event income	337,130	300,832
Other operating revenues	50	305
	<b>974,005</b>	<b>998,996</b>
<b>OPERATING EXPENSES</b>		
Program expenses	183,338	184,951
Management and general	374,815	332,015
Fundraising event expense	112,700	120,580
Costs of sales and expense of auxiliary activities	223,396	199,738
	<b>894,249</b>	<b>837,284</b>
<b>Operating income</b>	<b>79,756</b>	<b>161,712</b>
<b>NON-OPERATING EXPENSES</b>		
Depreciation	(118,058)	(108,226)
<b>Net (loss) income</b>	<b>\$ (38,302)</b>	<b>\$ 53,486</b>

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

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

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>RESTAURANT</b>		
Fees	\$ 387,499	\$ 348,186
Less related expenses	176,593	160,383
	210,906	187,803
<b>AMPHITHEATER</b>		
Rental fees	121,791	85,468
Less related expenses	56,813	39,459
	64,978	46,009
<b>BOX OFFICE SERVICE FEES</b>	350,594	257,877
<b>HOUSE PROGRAM AND SOUVENIR ITEMS</b>	6,120	5,895
<b>SARATOGA JAZZ FESTIVAL</b>	45,401	40,607
<b>OTHER</b>	27,506	29,191
	<b>\$ 705,505</b>	<b>\$ 567,382</b>



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

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

	Years Ended December 31,	
	2016	2015
<b>SALARIES AND WAGES</b>		
Stage crew	\$ 363,962	\$ 300,812
Security and parking	52,247	49,650
Theater staff	91,250	94,900
Payroll taxes	20,018	34,044
Other	7,043	8,528
	534,520	487,934
Custodial supplies	7,345	3,271
Electrical supplies	98,987	105,081
Licenses and fees	4,215	3,884
Maintenance	41,877	64,426
Maintenance of grounds	128,658	130,912
Musical and sound rental	158,119	151,558
Piano tuning	1,805	1,805
Utilities	62,334	66,274
Other	429,877	284,099
	<b>\$ 1,467,737</b>	<b>\$ 1,299,244</b>

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

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

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Salaries and wages	\$ 397,360	\$ 352,421
Payroll taxes	35,711	30,297
Advertising and publicity	454,898	273,791
Design of advertising	20,519	13,037
Printing	26,214	36,788
Other	55,719	37,878
	<b><u>\$ 990,421</u></b>	<b><u>\$ 744,212</u></b>

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

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

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Salaries and wages	\$ 107,660	\$ 102,106
Payroll taxes	13,518	13,048
Printing and forms	7,591	1,826
Service charges	94,598	88,157
Equipment rental	1,195	460
Other	7,437	4,751
	<b><u>\$ 231,999</u></b>	<b><u>\$ 210,348</u></b>

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

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

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Salaries and wages	\$ 1,002,423	\$ 817,134
Payroll taxes	86,788	71,834
Employee benefits	292,807	194,511
Accounting and legal	31,168	29,200
Bad debt expense	59,840	8,419
Custodial	7,942	8,694
Development office fund raising	115,511	108,022
Dues and subscriptions	15,256	5,987
Equipment rental	61,460	40,973
Facility repairs and maintenance	42,059	21,774
Insurance	121,121	120,292
Investment management fees	43,308	41,013
Office supplies	14,770	7,450
Postage	15,592	15,062
Telephone	23,591	26,842
Travel and entertainment, Director	16,871	14,105
Other	244,252	52,522
	<b>\$ 2,194,759</b>	<b>\$ 1,583,834</b>