



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

Combined Financial Statements

December 31, 2018 and 2017

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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 statements of financial position as of December 31, 2018 and 2017, the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Saratoga Performing Arts Center, Inc. and the National Museum of Dance as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. We have previously audited the supplementary information as of and for the year ended December 31, 2017, and we expressed an unmodified opinion on such information in relation to the financial statements as a whole. In our opinion, the summarized comparative supplementary information presented herein for the year ended December 31, 2017, is consistent, in all material respects, with the audited supplementary information from which it has been derived.

BST & CO. CPAs, LLP

Albany, New York
March 12, 2019



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

Combined Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,207,812	\$ 2,570,930
Accounts receivable, net	462,352	458,224
Current installments of contributions receivable, net	286,665	512,107
Accrued interest receivable	13,970	12,844
Other current assets	86,600	78,137
Total current assets	3,057,399	3,632,242
OTHER ASSETS		
Contributions receivable, net, less current installments	111,752	189,333
Investments	7,007,756	7,233,355
Leasehold improvements and equipment, net	2,136,494	2,239,648
Insurance premiums receivable	278,196	286,013
	\$ 12,591,597	\$ 13,580,591
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 508,594	\$ 394,619
Accrued pension expense	116,892	87,402
Deferred revenues	1,592,042	1,702,235
Total current liabilities	2,217,528	2,184,256
LONG-TERM LIABILITIES		
Liability for postretirement benefits	42,172	27,068
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,426,218	1,517,151
Undesignated	2,144,980	2,514,448
	3,571,198	4,031,599
With donor restrictions	6,760,699	7,337,668
Total net assets	10,331,897	11,369,267
	\$ 12,591,597	\$ 13,580,591

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, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 2,999,689	\$ -	\$ 2,999,689
Membership revenues	2,103,281	-	2,103,281
Unrestricted gifts and grants	34,795	-	34,795
Restricted gifts and grants	1,008,231	740,326	1,748,557
Fundraising event income	1,360,992	-	1,360,992
Third-party license fees	1,425,019	-	1,425,019
Other operating revenues	1,433,578	-	1,433,578
Net assets released from restriction	956,974	(956,974)	-
	11,322,559	(216,648)	11,105,911
OPERATING EXPENSES			
Performance and production	8,272,241	-	8,272,241
Fundraising, including event expense	1,550,369	-	1,550,369
Management and general	1,776,664	-	1,776,664
	11,599,274	-	11,599,274
CHANGE IN NET ASSETS FROM OPERATIONS	(276,715)	(216,648)	(493,363)
NON-OPERATING REVENUES, GAINS AND LOSSES			
Investment income (expense), net	(23,587)	141,786	118,199
Realized gains on sales of investments, net	60,082	226,064	286,146
Unrealized losses on investments, net	(176,260)	(728,171)	(904,431)
Other income	14,233	-	14,233
	(125,532)	(360,321)	(485,853)
OTHER CHANGE IN NET ASSETS			
Pension related gain other than net periodic costs	(58,154)	-	(58,154)
	(460,401)	(576,969)	(1,037,370)
NET ASSETS, beginning of year	4,031,599	7,337,668	11,369,267
NET ASSETS, end of year	\$ 3,571,198	\$ 6,760,699	\$ 10,331,897

See accompanying Notes to Combined Financial Statements.

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 2,867,162	\$ -	\$ 2,867,162
Membership revenues	2,107,300	-	2,107,300
Unrestricted gifts and grants	163,008	-	163,008
Restricted gifts and grants	1,035,745	687,301	1,723,046
Fundraising event income	1,185,472	-	1,185,472
Third-party license fees	1,109,433	-	1,109,433
Other operating revenues	1,357,923	-	1,357,923
Net assets released from restriction	1,126,371	(1,126,371)	-
	<u>10,952,414</u>	<u>(439,070)</u>	<u>10,513,344</u>
OPERATING EXPENSES			
Performance and production	8,375,795	-	8,375,795
Fundraising, including event expense	1,070,552	-	1,070,552
Management and general	1,566,556	-	1,566,556
	<u>11,012,903</u>	<u>-</u>	<u>11,012,903</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(60,489)</u>	<u>(439,070)</u>	<u>(499,559)</u>
NON-OPERATING REVENUES, GAINS AND LOSSES			
Investment income (expense), net	(17,808)	140,484	122,676
Realized gains on sales of investments, net	42,980	123,839	166,819
Unrealized gains on investments, net	116,062	537,255	653,317
Other income	53,430	-	53,430
	<u>194,664</u>	<u>801,578</u>	<u>996,242</u>
OTHER CHANGE IN NET ASSETS			
Pension related expense other than net periodic costs	27,835	-	27,835
CHANGE IN NET ASSETS	162,010	362,508	524,518
NET ASSETS, <i>beginning of year</i>	<u>3,869,589</u>	<u>6,975,160</u>	<u>10,844,749</u>
NET ASSETS, <i>end of year</i>	<u>\$ 4,031,599</u>	<u>\$ 7,337,668</u>	<u>\$ 11,369,267</u>

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

Combined Statements of Functional Expenses

	Year Ended December 31, 2018			Total
	Performance and Production	Fundraising (Including Event Expense)	Management and General	
Salaries and wages	\$ 1,202,603	\$ 434,134	\$ 1,060,342	\$ 2,697,079
Payroll taxes	72,405	22,874	83,993	179,272
Employee benefits	71,352	76,382	197,820	345,554
Accounting and legal	-	-	57,765	57,765
Advertising and publicity	500,975	132,063	-	633,038
Bad debt expense	-	-	43,286	43,286
Custodial	34,842	-	8,739	43,581
Depreciation	417,799	-	-	417,799
Direct talent cost	4,786,259	-	-	4,786,259
Dues and subscriptions	-	-	12,516	12,516
Food and beverage	-	266,299	-	266,299
Theater lighting	126,173	-	-	126,173
Office technology and support	-	-	57,151	57,151
Exhibit costs	67,291	-	-	67,291
Insurance	109,707	1,620	20,863	132,190
Facilities and maintenance	368,509	-	-	368,509
Facility rental costs and commissions	82,879	-	-	82,879
Musical and sound rental	202,902	-	-	202,902
Office supplies	-	-	32,094	32,094
Other	-	-	152,063	152,063
Postage and mailing	-	-	11,742	11,742
Production costs	-	390,758	-	390,758
Rental	-	135,164	-	135,164
School of the Arts	29,259	-	-	29,259
Service charges	92,493	-	-	92,493
Telephone	9,384	9,384	9,385	28,153
Entertainment/travel	-	81,691	22,397	104,088
Utilities	97,409	-	6,508	103,917
	\$ 8,272,241	\$ 1,550,369	\$ 1,776,664	\$ 11,599,274

See accompanying Notes to Combined Financial Statements.

Year Ended December 31, 2017

	Performance and Production	Fundraising (Including Event Expense)	Management and General	Total
Salaries and wages	\$ 1,157,213	\$ 301,942	\$ 954,625	\$ 2,413,780
Payroll taxes	84,907	19,103	84,405	188,415
Employee benefits	57,089	63,939	214,999	336,027
Accounting and legal	-	-	34,600	34,600
Advertising and publicity	574,422	151,413	-	725,835
Bad debt expense	-	-	18,105	18,105
Custodial	28,084	-	8,675	36,759
Depreciation	392,564	-	-	392,564
Direct talent cost	4,957,026	-	-	4,957,026
Dues and subscriptions	-	-	11,307	11,307
Food and beverage	-	222,168	-	222,168
Theater lighting	101,012	-	-	101,012
Office technology and support	-	-	49,439	49,439
Exhibit costs	64,212	-	-	64,212
Insurance	112,932	1,889	21,778	136,599
Facilities and maintenance	390,000	-	-	390,000
Facility rental costs and commission	72,123	-	-	72,123
Musical and sound rental	178,778	-	-	178,778
Office supplies	-	-	23,622	23,622
Other	-	-	94,017	94,017
Postage and mailing	-	1,842	14,461	16,303
Production costs	-	201,251	-	201,251
Rental	-	68,128	-	68,128
School of the Arts	21,889	-	-	21,889
Service charges	81,540	-	-	81,540
Telephone	9,118	9,118	9,118	27,354
Entertainment/travel	-	29,759	21,047	50,806
Utilities	92,886	-	6,358	99,244
	<u>\$ 8,375,795</u>	<u>\$ 1,070,552</u>	<u>\$ 1,566,556</u>	<u>\$ 11,012,903</u>

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

Combined Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (1,037,370)	\$ 524,518
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	417,799	392,564
Realized gains on sales of investments, net	(286,146)	(166,819)
Unrealized losses (gains) on investments, net	904,431	(653,317)
Donated leasehold improvements and equipment	(28,690)	(108,000)
Bad debts	43,286	18,105
(Increase) decrease in		
Accounts receivable	(47,414)	28,402
Contributions receivable, net	303,023	424,892
Accrued interest receivable	(1,126)	(2,101)
Other current assets	(8,463)	43,221
Insurance premiums receivable	7,817	(44,278)
Increase (decrease) in		
Accounts payable and accrued expenses	113,975	(80,219)
Accrued pension expense and postretirement benefits	44,594	(192,270)
Deferred revenues	(110,193)	(131,386)
	315,523	53,312
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(285,955)	(531,348)
Proceeds from sales of investments	1,848,685	1,085,341
Purchases of investments	(2,241,371)	(1,093,890)
	(678,641)	(539,897)
Net decrease in cash and cash equivalents	(363,118)	(486,585)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	2,570,930	3,057,515
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,207,812	\$ 2,570,930

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

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

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.

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 and disclosure of contingent 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 3 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 \$32,170 and \$47,670 at December 31, 2018 and 2017, respectively.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

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

g. Contributions Receivable

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, 2018 or 2017.

Contributions receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A contribution 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.

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 its fair value. There were no impairments on long-lived assets at December 31, 2018 and 2017.

j. Net Assets

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

Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

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

j. Net Assets - Continued

Net Assets With Donor Restrictions consist of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

SPAC and the Museum report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

k. 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, 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.

l. 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.

m. Functional Allocation of Expenses

Expenses that are specific to a function are charged directly to that function. The Executive Director's salary is allocated between fundraising and management and general based on time and effort. Insurance costs are allocated based on time and effort.

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.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

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

o. 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, 2018 and 2017.

p. Adoption of New Accounting Standard

Effective January 1, 2018, SPAC and the Museum adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (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. As a result of adopting the ASU, SPAC and the Museum have included the required liquidity disclosures, replaced the three previous classes of net assets with two new classes, expanded disclosures regarding the nature and amount of donor restrictions, added a statement of functional expenses and recorded investments earnings, net of related investment expenses. The adoption of this ASU was applied retrospectively to the prior year combined financial statements.

q. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 12, 2019, the date the combined financial statements were available to be issued.

Note 2 - Liquidity

Total assets at December 31, 2018	\$ 12,591,597
Less: assets not available for general expenditures	
Cash and cash equivalents, held in endowment	(314,273)
Other current assets	(86,600)
Long-term portion of contribution receivable	(111,752)
Investments, held in endowment	(7,007,756)
Leasehold improvements and equipment, net	(2,136,494)
Insurance premiums receivable	(278,196)
	<hr/>
Financial assets available for general expenditures	<u>\$ 2,656,526</u>

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 2 - Liquidity - Continued

SPAC and the Museum have \$2,656,526 of financial assets available within one year of the statement of financial position date as reflected in the table above. To help manage unanticipated liquidity needs, SPAC has an available line-of-credit in the amount of \$500,000 (see Note 5). Although SPAC and the Museum do not intend to spend from endowment funds (and have not done so in over 10 years), the total of \$7,322,029 million in cash and investments within the endowment includes \$1,426,218 in unrestricted, board designated funds that are not subject to donor restrictions and could be made available by the Board, if necessary. The endowment includes \$3,100,683 in earnings on corpus that is subject to the spending policy and can be used to support classical programming. Both SPAC and the Museum prepare annual operating budgets designed to balance revenue and expenditures at a breakeven level and carefully monitor liquidity needs through regular review of those budgets.

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,		
2019	\$	286,665
2020		90,000
2021		40,000
		<u>416,665</u>
Less discounts to present value		<u>(18,248)</u>
Total contributions receivable, net	\$	<u>398,417</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,	
	2018	2017
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	2,224,728	2,119,195
National Museum of Dance, leasehold improvements	1,956,931	1,919,347
Dance studios	1,135,302	1,124,246
Equipment	3,292,400	3,131,928
	<u>11,297,347</u>	<u>10,982,702</u>
Less accumulated depreciation	<u>9,160,853</u>	<u>8,743,054</u>
	<u>\$ 2,136,494</u>	<u>\$ 2,239,648</u>

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

Notes to Combined Financial Statements December 31, 2018 and 2017

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% (3.50% and 3.37% at December 31, 2018 and 2017, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2018 and 2017. 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.

Obligations and Funded Status

	December 31,	
	2018	2017
Projected benefit obligation	\$ 1,147,016	\$ 1,257,693
Fair value of plan assets	1,104,844	1,230,625
Funded status at end of year	\$ (42,172)	\$ (27,068)

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

	December 31,	
	2018	2017
Net periodic pension cost/(income)	\$ (43,050)	\$ (34,372)
Benefits paid	\$ 93,864	\$ 93,864

SPAC made no contributions to the plan for the years ended December 31, 2018 or 2017.

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

	December 31,	
	2018	2017
Discount rate	3.94%	3.28%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2018	2017
Discount rate	3.28%	3.70%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 6 - Employee Benefit Plan - Continued

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,	
	2018	2017
Equity securities	56%	59%
Debt securities	41%	40%
Other	3%	1%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2018 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.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

The plan's assets measured at fair value on a recurring basis at December 31, 2018 and 2017 are summarized below (see Note 15 for definitions of investment classes and levels):

	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	74,331	\$ -	\$ -	\$ 74,331
Energy	48,770	-	-	48,770
Financial	62,740	-	-	62,740
Health care	22,584	-	-	22,584
Industrial	48,123	-	-	48,123
Information technology	121,492	-	-	121,492
	<u>378,040</u>	<u>-</u>	<u>-</u>	<u>378,040</u>
Fixed income securities				
U.S. Treasury obligations	42,148	-	-	42,148
Corporate bonds	-	414,525	-	414,525
	<u>42,148</u>	<u>414,525</u>	<u>-</u>	<u>456,673</u>
Mutual funds				
Emerging Markets Fund	14,960	-	-	14,960
Growth Fund	57,420	-	-	57,420
Value Fund	118,014	-	-	118,014
International Fund	49,680	-	-	49,680
	<u>240,074</u>	<u>-</u>	<u>-</u>	<u>240,074</u>
Cash and cash equivalents	<u>30,057</u>	<u>-</u>	<u>-</u>	<u>30,057</u>
Total investments	<u>\$ 690,319</u>	<u>\$ 414,525</u>	<u>\$ -</u>	<u>\$ 1,104,844</u>

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	\$ 78,840	\$ -	\$ -	\$ 78,840
Energy	52,951	-	-	52,951
Financial	87,164	-	-	87,164
Health care	74,487	-	-	74,487
Industrial	57,142	-	-	57,142
Information technology	89,170	-	-	89,170
	439,754	-	-	439,754
Fixed income securities				
U.S. Treasury obligations	86,918	-	-	86,918
Corporate bonds	-	403,732	-	403,732
	86,918	403,732	-	490,650
Mutual funds				
Emerging Markets Fund	18,275	-	-	18,275
Growth Fund	69,000	-	-	69,000
Value Fund	134,130	-	-	134,130
International Fund	60,300	-	-	60,300
	281,705	-	-	281,705
Cash and cash equivalents	18,516	-	-	18,516
Total investments	\$ 826,893	\$ 403,732	\$ -	\$ 1,230,625

Cash Flows

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

For the year ending December 31,

2019	\$ 97,752
2020	93,561
2021	89,937
2022	76,729
2023	83,614
2024 through 2028	381,488

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2019.

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.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

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 \$116,892 and \$87,402 were accrued as of December 31, 2018 and 2017, respectively.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	December 31,	
	2018	2017
Subject to expenditure for specific purpose:		
For Original commission for orchestra	\$ -	\$ 62,500
For Museum exhibits	12,184	12,184
	12,184	74,684
Subject to the passage of time:		
For periods after December 31, 2018	852,419	-
For periods after December 31, 2017	-	1,051,148
Subject to the spending policy and appropriations:		
Investment to be held in perpetuity, the income from which is expendable to support classical performances	3,100,681	3,496,422
Not subject to appropriation for expenditures:		
Gifts to be held in perpetuity to support classical performances	2,795,415	2,715,414
Total net assets with donor restrictions	\$ 6,760,699	\$ 7,337,668

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 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.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 9 - Endowment - Continued

Relevant Law

The Board of Directors of SPAC has interpreted the New York State Not-For-Profit Corporation Law (NPCL) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, SPAC retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA). We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund:

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,896,096	\$ 5,896,096
Board-designated endowment funds	1,426,218	-	1,426,218
 Total funds	 <u>\$ 1,426,218</u>	 <u>\$ 5,896,096</u>	 <u>\$ 7,322,314</u>

Changes in endowment net assets:

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,517,151	\$ 6,211,836	\$ 7,728,987
Investment income	36,436	152,189	188,625
Net gain, realized	60,082	226,064	286,146
Fees to managers	(14,202)	(45,822)	(60,024)
Net gain, unrealized	(176,260)	(728,171)	(904,431)
Total investment return	<u>(93,944)</u>	<u>(395,740)</u>	<u>(489,684)</u>
Contributions	<u>3,011</u>	<u>80,000</u>	<u>83,011</u>
Endowment net assets, <i>end of year</i>	<u>\$ 1,426,218</u>	<u>\$ 5,896,096</u>	<u>\$ 7,322,314</u>

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 9 - Endowment - Continued

Endowment net asset composition by type of fund:

	December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,211,836	\$ 6,211,836
Board-designated endowment funds	1,517,151	-	1,517,151
 Total funds	 \$ 1,517,151	 \$ 6,211,836	 \$ 7,728,987

Changes in endowment net assets:

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,331,673	\$ 5,419,511	\$ 6,751,184
Investment return			
Investment income	33,724	150,770	184,494
Net gain, realized	42,980	123,839	166,819
Fees to managers	(11,993)	(39,539)	(51,532)
Net gain, unrealized	116,062	537,255	653,317
Total investment return	180,773	772,325	953,098
Contributions	4,705	20,000	24,705
 Endowment net assets, <i>end of year</i>	 \$ 1,517,151	 \$ 6,211,836	 \$ 7,728,987

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). SPAC has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of December 31, 2018 and 2017.

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. 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 endowment 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.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 9 - Endowment - Continued

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.

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 2018 and 2017, SPAC and the Museum received in-kind contributions of \$425,234 and \$359,722, respectively. The majority of the in-kind gifts related to advertising.

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; an extension is currently being negotiated. 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 bears all the financial risk associated with the promotion, production, and presentation of each T&P event. The income is recorded on the statements of activities as third party license fees.

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 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 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, 2018 and 2017

Note 13 - 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.

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. The right of use license expires February 28, 2069.

The Museum leases its facility from the New York State Office of Parks, Recreation, and Historic Preservation (OPRHP) for \$26,660 per year pursuant to an agreement that expires December 31, 2022.

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 \$179,496 and \$151,673 at December 31, 2018 and 2017, 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 (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, 2018 and 2017

Note 14 - Fair Value of Financial Instruments - Continued

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2018 and 2017:

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, 2018			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 4,363,212	\$ -	\$ -	\$ 4,363,212
Fixed income securities	-	1,613,838	-	1,613,838
Mutual funds	1,030,706	-	-	1,030,706
Total investments	<u>\$ 5,393,918</u>	<u>\$ 1,613,838</u>	<u>\$ -</u>	<u>\$ 7,007,756</u>
	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 4,619,356	\$ -	\$ -	\$ 4,619,356
Fixed income securities	-	1,405,379	-	1,405,379
Mutual funds	1,208,620	-	-	1,208,620
Total investments	<u>\$ 5,827,976</u>	<u>\$ 1,405,379</u>	<u>\$ -</u>	<u>\$ 7,233,355</u>

Note 15 - Accounting Standards Issued But Not Yet Implemented

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. SPAC and the Museum have substantially completed their assessment of the new standard and they do not expect the impact of adoption to be material to the combined financial statements. SPAC and the Museum continue to evaluate the disclosure requirements related to the new standard.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

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 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB also issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. The 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. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard on the combined financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits* (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 requires that an entity report the service cost component of net periodic pension and postretirement cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The remaining components of net benefit costs are required to be presented in the income statement separately from the service component and outside a subtotal of income from operations, if one is presented. The amendment further allows only the service cost component of net periodic pension and postretirement costs to be eligible for capitalization. ASU 2017-07 will be effective for the SPAC and the Museum beginning on January 1, 2019. ASU 2017-07 must be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement, and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. SPAC and the Museum are currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. **For resource recipients:** Where SPAC and the Museum are the resource recipients, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. **For resource providers:** Where SPAC and the Museum are resource providers, the ASU is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. As SPAC and the Museum are resource recipients, the ASU is applicable to contributions received for annual periods beginning after June 15, 2018, including interim periods. SPAC and the Museum are currently evaluating the impact of the adoption of this guidance on their combined financial statements.

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

Notes to Combined Financial Statements
December 31, 2018 and 2017

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. SPAC and the Museum are currently evaluating the impact of the adoption of this guidance on their combined financial statements.

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

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

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,858,595	\$ 2,088,938
Accounts receivable, net	408,904	460,594
Current installments of contributions receivable, net	286,665	512,107
Accrued interest receivable	13,970	12,844
Other current assets	58,160	53,286
Due from affiliate	200,316	106,482
Total current assets	2,826,610	3,234,251
OTHER ASSETS		
Contributions receivable, net, less current installments	111,752	155,163
Investments	7,007,756	7,233,355
Leasehold improvements and equipment, net	1,460,923	1,512,339
Insurance premiums receivable	278,196	286,013
	\$ 11,685,237	\$ 12,421,121
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 443,585	\$ 338,453
Accrued pension expense	116,892	87,402
Deferred revenues	1,552,653	1,689,637
Total current liabilities	2,113,130	2,115,492
LONG-TERM LIABILITIES		
Liability for postretirement benefits	42,172	27,068
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,426,218	1,517,151
Undesignated	1,355,202	1,435,926
	2,781,420	2,953,077
With donor restrictions	6,748,515	7,325,484
Total net assets	9,529,935	10,278,561
	\$ 11,685,237	\$ 12,421,121

See Independent Auditor's Report.

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

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

	Years Ended December 31, (Summarized comparative totals for 2017)			
	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 2,987,296	\$ -	\$ 2,987,296	\$ 2,850,470
Membership revenues	2,094,296	-	2,094,296	2,098,038
Unrestricted gifts and grants	3,011	-	3,011	4,705
Restricted gifts and grants	995,755	740,326	1,736,081	1,714,617
Fundraising event income	1,097,122	-	1,097,122	858,314
Third-party license fees	1,425,019	-	1,425,019	1,109,433
Other operating revenues	994,447	-	994,447	915,547
Net assets released from restrictions	956,974	(956,974)	-	-
	<u>10,553,920</u>	<u>(216,648)</u>	<u>10,337,272</u>	<u>9,551,124</u>
OPERATING EXPENSES				
Performance and production	7,665,906	-	7,665,906	7,825,609
Fundraising, including event expense	1,505,673	-	1,505,673	1,000,317
Management and general	1,366,797	-	1,366,797	1,166,300
	<u>10,538,376</u>	<u>-</u>	<u>10,538,376</u>	<u>9,992,226</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>15,544</u>	<u>(216,648)</u>	<u>(201,104)</u>	<u>(441,102)</u>
NON-OPERATING REVENUES, GAINS AND LOSSES				
Investment income (expense), net	(23,587)	141,786	118,199	122,676
Realized gains on sales of investments, net	60,082	226,064	286,146	166,819
Unrealized gains (losses) on investments, net	(176,260)	(728,171)	(904,431)	653,317
Other income	10,718	-	10,718	51,118
	<u>(129,047)</u>	<u>(360,321)</u>	<u>(489,368)</u>	<u>993,930</u>
OTHER CHANGE IN NET ASSETS				
Pension related gain (loss) other than net periodic costs	(58,154)	-	(58,154)	27,835
CHANGE IN NET ASSETS	<u>(171,657)</u>	<u>(576,969)</u>	<u>(748,626)</u>	<u>580,663</u>
NET ASSETS, beginning of year	<u>2,953,077</u>	<u>7,325,484</u>	<u>10,278,561</u>	<u>9,697,898</u>
NET ASSETS, end of year	<u>\$ 2,781,420</u>	<u>\$ 6,748,515</u>	<u>\$ 9,529,935</u>	<u>\$ 10,278,561</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, (Summarized comparative totals for 2017)			
	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
OPERATING REVENUES				
Ticket sales and admissions	\$ 2,987,296	\$ -	\$ 2,987,296	\$ 2,850,470
Membership revenues	2,094,296	-	2,094,296	2,098,038
Gifts and bequests	998,766	740,326	1,739,092	1,719,322
Third-party license fees	1,425,019	-	1,425,019	1,109,433
Fundraising event income	1,097,122	-	1,097,122	858,314
Other operating revenues	994,447	-	994,447	915,547
Net assets released from restrictions	956,974	(956,974)	-	-
Operating revenues	10,553,920	(216,648)	10,337,272	9,551,124
OPERATING EXPENSES				
Performance costs				
Direct talent	4,170,488	-	4,170,488	4,492,478
Production expenses	1,900,243	-	1,900,243	1,687,518
Advertising and publicity	848,048	-	848,048	957,667
Box office	246,321	-	246,321	200,735
Other operating expenses	245,900	-	245,900	236,597
Fundraising, including event expense	1,505,673	-	1,505,673	1,000,317
Management and general	1,366,797	-	1,366,797	1,166,300
Operating expenses	10,283,470	-	10,283,470	9,741,612
CHANGE IN NET ASSETS FROM OPERATIONS	270,450	(216,648)	53,802	(190,488)
NON-OPERATING REVENUE (EXPENSES)				
Depreciation	(254,906)	-	(254,906)	(250,614)
Investment income	47,154	141,786	188,940	225,326
Realized gains on sales of investments, net	60,082	226,064	286,146	166,819
Investment management fees	(60,023)	-	(60,023)	(51,532)
Other pension related gains (losses)	(58,154)	-	(58,154)	27,835
Unrealized gains (losses) on investments, net	(176,260)	(728,171)	(904,431)	653,317
	(442,107)	(360,321)	(802,428)	771,151
CHANGE IN NET ASSETS	(171,657)	(576,969)	(748,626)	580,663
NET ASSETS, <i>beginning of year</i>	2,953,077	7,325,484	10,278,561	9,697,898
NET ASSETS, <i>end of year</i>	\$ 2,781,420	\$ 6,748,515	\$ 9,529,935	\$ 10,278,561

See Independent Auditor's Report.

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

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

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 349,217	\$ 481,992
Accounts receivable	53,448	31,800
Other current assets	28,440	24,851
Total current assets	431,105	538,643
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	675,571	727,309
	\$ 1,106,676	\$ 1,265,952
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 65,009	\$ 56,166
Deferred revenues	39,389	12,598
Due to affiliate	200,316	106,482
Total current liabilities	304,714	175,246
NET ASSETS		
Without donor restrictions	789,778	1,078,522
With donor restrictions	12,184	12,184
Total net assets	801,962	1,090,706
	\$ 1,106,676	\$ 1,265,952

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

Supplementary Information - Statements of Activities - National Museum of Dance

	Years Ended December 31, (Summarized comparative totals for 2017)			
	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
REVENUES AND GAINS				
Admissions	\$ 12,393	\$ -	\$ 12,393	\$ 16,692
Membership revenue	8,985	-	8,985	9,262
Unrestricted gifts and grants	31,784	-	31,784	158,303
Restricted gifts and grants	12,476	-	12,476	8,429
Fundraising event income	263,870	-	263,870	327,158
Other operating revenues	439,131	-	439,131	442,376
	768,639	-	768,639	962,220
EXPENSES				
Performance and production	606,335	-	606,335	550,186
Fundraising, including event expense	44,696	-	44,696	70,235
Management and general	409,867	-	409,867	400,256
	1,060,898	-	1,060,898	1,020,677
CHANGE IN NET ASSETS FROM OPERATIONS	(292,259)	-	(292,259)	(58,457)
NON-OPERATING REVENUES				
Interest income	3,515	-	3,515	2,312
	3,515	-	3,515	2,312
CHANGE IN NET ASSETS	(288,744)	-	(288,744)	(56,145)
NET ASSETS, <i>beginning of year</i>	1,078,522	12,184	1,090,706	1,146,851
NET ASSETS, <i>end of year</i>	\$ 789,778	\$ 12,184	\$ 801,962	\$ 1,090,706

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,	
	2018	2017
OPERATING REVENUES		
Admissions	\$ 12,393	\$ 16,692
Service fees	423,902	428,550
Gifts and grants	44,260	166,732
Membership income	8,985	9,262
Interest income	3,515	2,312
Revenues from auxiliary activities	13,154	12,792
Fundraising event income	263,870	327,158
Other operating revenues	2,075	1,034
	772,154	964,532
OPERATING EXPENSES		
Program expenses	218,852	210,030
Costs of sales and expense of auxiliary activities	224,590	198,206
Fundraising, including event expense	44,696	70,235
Management and general	409,867	400,256
	898,005	878,727
Operating income (loss)	(125,851)	85,805
NON-OPERATING EXPENSES		
Depreciation	(162,893)	(141,950)
Net loss	\$ (288,744)	\$ (56,145)

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

Supplementary Information - Other Operating Revenues Net of Related Expenses
Based on Internal Operating Statement -
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2018	2017
RESTAURANT		
Fees	\$ 386,708	\$ 368,173
Less related expenses	163,021	164,474
	223,687	203,699
 AMPHITHEATER		
Rental fees	153,633	132,767
Less related expenses	82,879	72,123
	70,754	60,644
 BOX OFFICE SERVICE FEES	328,844	296,457
 HOUSE PROGRAM AND SOUVENIR ITEMS	3,583	4,049
 SARATOGA JAZZ FESTIVAL	40,532	54,245
 OTHER	81,147	59,856
	\$ 748,547	\$ 678,950

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

Supplementary Information - Production Expenses
Based on Internal Operating Statement -
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2018	2017
SALARIES AND WAGES		
Stage crew	\$ 356,374	\$ 316,119
Security and parking	61,808	55,709
Theater staff	187,307	171,092
Payroll taxes	17,109	26,343
Fringe benefits	71,352	57,089
Other	12,175	23,774
	706,125	650,126
Custodial supplies	5,843	6,439
Electrical supplies	126,173	101,012
Licenses and fees	2,575	3,802
Maintenance	26,211	21,645
Maintenance of grounds	128,470	147,548
Musical and sound rental	202,902	178,778
Piano tuning	2,090	1,900
Utilities	59,878	60,964
Other	639,976	515,304
	\$ 1,900,243	\$ 1,687,518

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

Supplementary Information - Advertising and Publicity Expenses
Based on Internal Operating Statement -
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2018	2017
Salaries and wages	\$ 334,419	\$ 369,595
Payroll taxes	28,449	29,704
Advertising and publicity	370,646	422,270
Design of advertising	10,569	13,484
Mailing list maintenance	1,917	-
Printing	32,291	12,041
Other	69,757	110,573
	\$ 848,048	\$ 957,667

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

Supplementary Information - Box Office Expenses
Based on Internal Operating Statement -
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2018	2017
Salaries and wages	\$ 125,639	\$ 99,273
Payroll taxes	13,362	13,013
Printing and forms	3,931	1,663
Service charges	92,493	81,540
Other	10,896	5,246
	<u>\$ 246,321</u>	<u>\$ 200,735</u>

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

Supplementary Information - Management and General Expenses
Based on Internal Operating Statement -
Saratoga Performing Arts Center, Inc.

	Years Ended December 31,	
	2018	2017
Salaries and wages	\$ 791,250	\$ 712,830
Payroll taxes	59,113	61,467
Employee benefits	148,724	156,868
Accounting and legal	47,613	27,100
Bad debt expense	43,286	18,105
Custodial	8,069	8,233
Dues and subscriptions	10,423	9,033
Equipment rental	52,183	45,090
Insurance	17,377	18,264
Office supplies	12,798	10,450
Postage	10,947	12,694
Telephone	7,602	7,367
Travel and entertainment, Director	21,787	18,573
Other	135,625	60,226
	\$ 1,366,797	\$ 1,166,300