



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

Combined Financial Statements

December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1q to the financial statements, in 2019, the Saratoga Performing Arts Center, Inc. and the National Museum of Dance adopted new accounting guidance in Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

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.

Albany, New York
March 12, 2020

BST & CO. CPAs, LLP



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

Combined Statements of Financial Position

	December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,094,522	\$ 2,207,812
Accounts receivable, net	509,782	444,104
Current installments of contributions receivable, net	1,468,290	286,665
Accrued interest receivable	12,844	13,970
Other current assets	103,414	86,600
Total current assets	4,188,852	3,039,151
OTHER ASSETS		
Contributions receivable, net, less current installments	20,000	130,000
Investments	8,293,720	7,007,756
Leasehold improvements and equipment, net	3,599,018	2,136,494
Insurance premiums receivable	345,453	278,196
	\$ 16,447,043	\$ 12,591,597
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,748,127	\$ 508,594
Accrued pension expense	128,574	116,892
Deferred revenues	1,697,946	1,592,042
Total current liabilities	3,574,647	2,217,528
LONG-TERM LIABILITIES		
Liability for postretirement benefits	45,897	42,172
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,755,245	1,426,218
Undesignated	1,780,622	2,144,980
	3,535,867	3,571,198
With donor restrictions	9,290,632	6,760,699
Total net assets	12,826,499	10,331,897
	\$ 16,447,043	\$ 12,591,597

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, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 2,738,854	\$ -	\$ 2,738,854
Membership revenues	2,221,656	-	2,221,656
Unrestricted gifts and grants	105,647	-	105,647
Restricted gifts and grants	1,337,207	493,786	1,830,993
Fundraising event income	1,091,936	-	1,091,936
Third-party venue license fees	1,475,149	-	1,475,149
Other operating revenues	1,428,783	-	1,428,783
Capital contributions	-	1,727,291	1,727,291
Net assets released from restriction	746,980	(746,980)	-
	<u>11,146,212</u>	<u>1,474,097</u>	<u>12,620,309</u>
OPERATING EXPENSES			
Performance and production	8,122,255	-	8,122,255
Fundraising, including event expense	1,296,006	-	1,296,006
Management and general	2,137,511	-	2,137,511
	<u>11,555,772</u>	<u>-</u>	<u>11,555,772</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(409,560)</u>	<u>1,474,097</u>	<u>1,064,537</u>
NON-OPERATING REVENUES, GAINS AND LOSSES			
Investment income (expense), net	(22,945)	144,056	121,111
Realized gains on sales of investments, net	10,712	38,907	49,619
Unrealized gains on investments, net	293,347	872,873	1,166,220
Other income	96,840	-	96,840
	<u>377,954</u>	<u>1,055,836</u>	<u>1,433,790</u>
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	(3,725)	-	(3,725)
CHANGE IN NET ASSETS	<u>(35,331)</u>	<u>2,529,933</u>	<u>2,494,602</u>
NET ASSETS, <i>beginning of year</i>	<u>3,571,198</u>	<u>6,760,699</u>	<u>10,331,897</u>
NET ASSETS, <i>end of year</i>	<u>\$ 3,535,867</u>	<u>\$ 9,290,632</u>	<u>\$ 12,826,499</u>

See accompanying Notes to Combined Financial Statements.

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

Combined Statements of Activities - Continued

	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 venue 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	1,819,714	-	1,819,714
	11,642,324	-	11,642,324
CHANGE IN NET ASSETS FROM OPERATIONS	(319,765)	(216,648)	(536,413)
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			
Net periodic income and pension related loss	(15,104)	-	(15,104)
CHANGE IN NET ASSETS	(460,401)	(576,969)	(1,037,370)
NET ASSETS, <i>beginning of year</i>	4,031,599	7,337,668	11,369,267
NET ASSETS, <i>end of year</i>	\$ 3,571,198	\$ 6,760,699	\$ 10,331,897

See accompanying Notes to Combined Financial Statements.

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

Combined Statements of Functional Expenses

	Year Ended December 31, 2019			
	Performance and Production	Fundraising (Including Event Expense)	Management and General	Total
Salaries and wages	\$ 1,198,638	\$ 394,772	\$ 1,273,032	\$ 2,866,442
Payroll taxes	70,599	23,753	101,608	195,960
Employee benefits	72,736	88,536	233,229	394,501
Accounting and legal	-	-	68,538	68,538
Advertising and publicity	590,804	84,466	-	675,270
Bad debt expense	-	-	50,554	50,554
Custodial	35,117	-	10,692	45,809
Depreciation	371,053	-	-	371,053
Direct talent cost	4,588,880	-	-	4,588,880
Dues and subscriptions	-	-	8,183	8,183
Food and beverage	-	166,539	-	166,539
Theater lighting	105,714	-	-	105,714
Office technology and support	-	-	62,774	62,774
Exhibit costs	79,024	-	-	79,024
Insurance	109,710	1,449	20,413	131,572
Facilities and maintenance	409,767	-	-	409,767
Facility rental costs and commissions	55,958	-	-	55,958
Musical and sound rental	210,561	-	-	210,561
Office supplies	-	-	32,573	32,573
Other	-	-	220,617	220,617
Postage and mailing	-	-	16,808	16,808
Production costs	-	401,154	-	401,154
Rental	-	101,823	-	101,823
School of the Arts	47,406	-	-	47,406
Service charges	72,902	-	-	72,902
Telephone	10,340	10,340	10,339	31,019
Entertainment/travel	-	23,174	21,110	44,284
Utilities	93,046	-	7,041	100,087
	\$ 8,122,255	\$ 1,296,006	\$ 2,137,511	\$ 11,555,772

See accompanying Notes to Combined Financial Statements.

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

Combined Statements of Functional Expenses - Continued

	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	240,870	388,604
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
	<u>\$ 8,272,241</u>	<u>\$ 1,550,369</u>	<u>\$ 1,819,714</u>	<u>\$ 11,642,324</u>

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

Combined Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 2,494,602	\$ (1,037,370)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	371,053	417,799
Realized gains on sales of investments, net	(49,619)	(286,146)
Unrealized losses (gains) on investments, net	(1,166,220)	904,431
Donated leasehold improvements and equipment	-	(28,690)
Bad debts	50,554	43,286
(Increase) decrease in		
Accounts receivable	(116,232)	(47,414)
Contributions receivable, net	(1,071,625)	303,023
Accrued interest receivable	1,126	(1,126)
Other current assets	(16,814)	(8,463)
Insurance premiums receivable	(67,257)	7,817
Increase (decrease) in		
Accounts payable and accrued expenses	1,239,533	113,975
Accrued pension expense and postretirement benefits	15,407	44,594
Deferred revenues	105,904	(110,193)
	1,790,412	315,523
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(1,833,577)	(285,955)
Proceeds from sales of investments	2,093,393	1,848,685
Purchases of investments	(2,163,518)	(2,241,371)
	(1,903,702)	(678,641)
Net decrease in cash and cash equivalents	(113,290)	(363,118)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	2,207,812	2,570,930
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,094,522	\$ 2,207,812

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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 6 and 13).

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 \$35,178 and \$32,170 at December 31, 2019 and 2018, respectively.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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.

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. Management considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary at December 31, 2019 or 2018.

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, 2019 and 2018.

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, 2019 and 2018

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. Contract Revenue

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

SPAC and the Museum assess the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The transaction price is the amount of consideration to which SPAC and the Museum expect to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which is generally established in the contracts.

SPAC earns event related contract revenues principally from the sale of tickets for events that it produces. SPAC's performance obligations with respect to event-related revenues from the sale of tickets are satisfied at the point in time when the related event occurs.

SPAC has an agreement with a third party which grants the exclusive right and license to book, co-promote, co-produce, and co-present all Touring and Professional (T&P) events at SPAC through September 2039. In consideration of a guaranteed fee, referred to as venue license fees on the combined statements of activities, 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. SPAC's performance obligations with respect to event-related revenues from the venue license fees from the third-party promoter are satisfied at the point in time when the related event occurs.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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

k. Contract Revenue - Continued

As a part of the agreement with the third-party promoter, SPAC receives variable consideration for bonuses for attendance, concessions and parking that are affected by various levels of attendance. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The amount of attendance and as such, the variable consideration, is known after each event occurs.

Other operating revenue mainly includes restaurant revenue, box office fees and revenue from the dance school. Restaurant revenue is recognized when food, beverages and/or services are provided to the customer as that is the point in which the related performance obligation is satisfied. Box office fees are the handling fees that are charged upon purchase of a ticket, which are recognize at a point in time. Revenue from the dance school is recognized as the various classes occur.

The timing of revenue recognition may not align with the right to invoice the customer. SPAC records accounts receivable when it has the unconditional right to issue an invoice and receive payment regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. The following details SPAC's accounts receivable and deferred revenue from contract revenue:

	December 31,		
	2019	2018	2017
Accounts receivable, net	\$ 69,303	\$ 112,616	\$ 73,221
Deferred revenue	264,543	102,464	53,005

l. Membership Dues

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.

m. 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.

n. 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.

o. Advertising and Publicity

Advertising and publicity costs are expensed as incurred.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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

p. Tax Status

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

SPAC and the Museum each file 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, 2019 and 2018.

q. Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. SPAC and the Museum adopted the standard during the year ended December 31, 2019. There was no material impact on SPAC and the Museum's results of operations or financial condition upon adoption of the new standard.

In June 2018, 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. SPAC and the Museum adopted the standard during the year ended December 31, 2019. There was no material impact on SPAC and the Museum's results of operations or financial condition upon adoption of the new standard.

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 statement of activities separately from the service component and outside a subtotal of change in net assets 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. SPAC and the Museum adopted the standard during the year ended December 31, 2019. As a result of adoption, \$43,050 of net period benefit income was reclassified from operating expenses to net periodic income and pension related loss on the statement of activities for the year ended December 31, 2018.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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

r. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 12, 2020, the date the combined financial statements were available to be issued.

Note 2 - Liquidity and availability

	December 31,	
	2019	2018
Total assets	\$ 16,447,043	12,591,597
Less: assets not available for general expenditures		
Cash and cash equivalents, held in endowment	(327,811)	(314,273)
Accrued interest receivable, held in endowment	(12,844)	(13,970)
Other current assets	(103,414)	(86,600)
Contribution receivable, with donor restrictions	(1,208,291)	-
Contribution receivable, held in endowment	(40,000)	(60,000)
Long-term portion of contribution receivable	-	(51,752)
Investments, held in endowment	(8,293,720)	(7,007,756)
Leasehold improvements and equipment, net	(3,599,018)	(2,136,494)
Insurance premiums receivable	(345,453)	(278,196)
Financial assets available for general expenditures	\$ 2,516,492	\$ 2,642,556

SPAC and the Museum have \$2,516,492 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 historically not done so), the total of \$8,621,531 million in cash and investments within the endowment includes \$1,755,245 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 \$4,120,742 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.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

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,	
2020	\$ 1,468,290
2021	20,000
Total contributions receivable	\$ 1,488,290

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,	
	2019	2018
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	2,237,332	2,224,728
National Museum of Dance, leasehold improvements	1,971,680	1,956,931
Dance studios	1,135,302	1,135,302
Equipment	3,333,574	3,292,400
	11,365,874	11,297,347
Less accumulated depreciation	9,531,908	9,160,853
Construction in progress	1,765,052	-
	\$ 3,599,018	\$ 2,136,494

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% (4.37% and 5.12% at December 31, 2019 and 2018, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2019 and 2018. 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, 2019 and 2018

Note 6 - Employee Benefit Plan - Continued

Obligations and Funded Status

	December 31,	
	2019	2018
Projected benefit obligation	\$ 1,220,805	\$ 1,147,016
Fair value of plan assets	1,174,908	1,104,844
Funded status at end of year	\$ (45,897)	\$ (42,172)

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

	December 31,	
	2019	2018
Net periodic pension income	\$ (30,561)	\$ (43,050)
Benefits paid	\$ 93,864	\$ 93,864

SPAC made no contributions to the plan for the years ended December 31, 2019 or 2018.

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

	December 31,	
	2019	2018
Discount rate	2.83%	3.94%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2019	2018
Discount rate	3.94%	3.28%
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, 2019 and 2018

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,	
	2019	2018
Equity securities	62%	56%
Debt securities	35%	41%
Other	3%	3%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2019 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, 2019 and 2018

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

The plan's assets measured at fair value on a recurring basis at December 31, 2019 and 2018 are summarized below (see Note 13 for definitions of investment classes and levels):

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	61,953	\$ -	\$ -	\$ 61,953
Energy	61,779	-	-	61,779
Financial	130,517	-	-	130,517
Health care	25,527	-	-	25,527
Industrial	-	-	-	-
Information technology	162,211	-	-	162,211
	<u>441,987</u>	<u>-</u>	<u>-</u>	<u>441,987</u>
Fixed income securities				
U.S. Treasury obligations	43,801	-	-	43,801
Corporate bonds	-	373,317	-	373,317
	<u>43,801</u>	<u>373,317</u>	<u>-</u>	<u>417,118</u>
Mutual funds				
Emerging Markets Fund	17,476	-	-	17,476
Growth Fund	70,188	-	-	70,188
Value Fund	135,354	-	-	135,354
International Fund	61,830	-	-	61,830
	<u>284,848</u>	<u>-</u>	<u>-</u>	<u>284,848</u>
Cash and cash equivalents	<u>30,955</u>	<u>-</u>	<u>-</u>	<u>30,955</u>
Total investments	<u>\$ 801,591</u>	<u>\$ 373,317</u>	<u>\$ -</u>	<u>\$ 1,174,908</u>

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

	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
	378,040	-	-	378,040
Fixed income securities				
U.S. Treasury obligations	42,148	-	-	42,148
Corporate bonds	-	414,525	-	414,525
	42,148	414,525	-	456,673
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
	240,074	-	-	240,074
Cash and cash equivalents	30,057	-	-	30,057
Total investments	\$ 690,319	\$ 414,525	\$ -	\$ 1,104,844

Cash Flows

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

For the year ending December 31,

2020	\$ 97,547
2021	93,104
2022	89,277
2023	85,725
2024	82,098
2025 through 2029	379,149

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2020.

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, 2019 and 2018

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 \$128,573 and \$116,892 were accrued as of December 31, 2019 and 2018, respectively.

Note 8 - Net Assets With Donor Restrictions

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

	December 31,	
	2019	2018
Subject to expenditure for specific purpose:		
For Construction of the concession stand	\$ 1,727,291	\$ -
For Museum exhibits	12,184	12,184
	1,739,475	12,184
Subject to the passage of time:		
For periods after December 31,	635,000	852,419
Subject to the spending policy and appropriations:		
Investment to be held in perpetuity, the income from which is expendable to support classical performances	4,120,742	3,100,681
Not subject to appropriation for expenditures:		
Gifts to be held in perpetuity to support classical performances	2,795,415	2,795,415
Total net assets with donor restrictions	\$ 9,290,632	\$ 6,760,699

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.

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, 2019 and 2018, 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

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

Note 9 - Endowment - Continued

Relevant Law - Continued

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, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,916,157	\$ 6,916,157
Board-designated endowment funds	1,755,245	-	1,755,245
Total funds	\$ 1,755,245	\$ 6,916,157	\$ 8,671,402

Changes in endowment net assets:

	Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,426,218	\$ 5,896,096	\$ 7,322,314
Investment income	38,012	154,594	192,606
Net gain, realized	10,712	38,907	49,619
Fees to managers	(14,644)	(46,313)	(60,957)
Net gain, unrealized	293,347	872,873	1,166,220
Total investment return	327,427	1,020,061	1,347,488
Contributions	1,600	-	1,600
Endowment net assets, <i>end of year</i>	\$ 1,755,245	\$ 6,916,157	\$ 8,671,402

**Saratoga Performing Arts Center, Inc.
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Notes to Combined Financial Statements
December 31, 2019 and 2018

Note 9 - Endowment - Continued

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	 \$ 1,426,218	 \$ 5,896,096	 \$ 7,322,314

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 return			
Investment income	36,437	152,189	184,494
Net gain, realized	60,082	226,064	166,819
Fees to managers	(14,202)	(45,822)	(51,532)
Net gain, unrealized	(176,260)	(728,171)	(904,431)
Total investment return	(93,943)	(395,740)	(489,683)
Contributions	3,010	80,000	83,010
 Endowment net assets, <i>end of year</i>	 \$ 1,426,218	 \$ 5,896,096	 \$ 7,322,314

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, 2019 and 2018.

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, 2019 and 2018

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 2019 and 2018, 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 - 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.

Note 12 - 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.

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

Notes to Combined Financial Statements
December 31, 2019 and 2018

Note 12 - Commitments and Risks - Continued

b. License and Lease Agreements - Continued

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 2026. 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, 2019 and 2018, respectively, and is reflected in accounts payable and accrued expenses on the combined statements of financial position.

Note 13 - 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.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2019 and 2018:

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.

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

Notes to Combined Financial Statements December 31, 2019 and 2018

Note 13 - Fair Value of Financial Instruments - Continued

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, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 5,270,885	\$ -	\$ -	\$ 5,270,885
Fixed income securities	-	1,664,417	-	1,664,417
Mutual funds	1,358,418	-	-	1,358,418
	\$ 6,629,303	\$ 1,664,417	\$ -	\$ 8,293,720
	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
	\$ 5,393,918	\$ 1,613,838	\$ -	\$ 7,007,756

Note 14 - Accounting Standards Issued But Not Yet Implemented

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 issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. 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. 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. The new standard, as delayed by FASB ASU 2019-10, is effective for fiscal years

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

Notes to Combined Financial Statements
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Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

beginning after December 15, 2020, including interim periods within those fiscal years. SPAC and the Museum are currently evaluating the impact of pending adoption of the new standard on their combined financial statements.

In August 2019, 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.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for defined benefit pension plans and other post-retirement plans. The amendments in ASU 2018-14 are effective for SPAC and the Museum for fiscal years ending after December 15, 2021, with early adoption permitted. SPAC and the Museum are currently evaluating the impact of this new standard on their combined financial statements.

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

	December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,860,753	\$ 1,858,595
Accounts receivable, net	463,532	408,904
Current installments of contributions receivable, net	1,468,290	286,665
Accrued interest receivable	12,844	13,970
Other current assets	80,126	58,160
Due from affiliate	249,711	200,316
Total current assets	4,135,256	2,826,610
OTHER ASSETS		
Contributions receivable, net, less current installments	20,000	111,752
Investments	8,293,720	7,007,756
Leasehold improvements and equipment, net	3,073,362	1,460,923
Insurance premiums receivable	345,453	278,196
	\$ 15,867,791	\$ 11,685,237
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,686,681	\$ 443,585
Accrued pension expense	128,574	116,892
Deferred revenues	1,651,187	1,552,653
Total current liabilities	3,466,442	2,113,130
LONG-TERM LIABILITIES		
Liability for postretirement benefits	45,897	42,172
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,755,245	1,426,218
Undesignated	1,321,759	1,355,202
	3,077,004	2,781,420
With donor restrictions		
	9,278,448	6,748,515
Total net assets	12,355,452	9,529,935
	\$ 15,867,791	\$ 11,685,237

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,			
	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 2,712,722	\$ -	\$ 2,712,722	\$ 2,987,296
Membership revenues	2,215,046	-	2,215,046	2,094,296
Unrestricted gifts and grants	1,600	-	1,600	3,011
Restricted gifts and grants	1,174,588	493,786	1,668,374	1,736,081
Fundraising event income	1,091,936	-	1,091,936	1,097,122
Third-party venue license fees	1,475,149	-	1,475,149	1,425,019
Other operating revenues	985,440	-	985,440	994,447
Capital contributions	-	1,727,291	1,727,291	-
Net assets released from restrictions	746,980	(746,980)	-	-
	<u>10,403,461</u>	<u>1,474,097</u>	<u>11,877,558</u>	<u>10,337,272</u>
OPERATING EXPENSES				
Performance and production	7,467,105	-	7,467,105	7,665,906
Fundraising, including event expense	1,292,824	-	1,292,824	1,505,673
Management and general	1,717,885	-	1,717,885	1,409,847
	<u>10,477,814</u>	<u>-</u>	<u>10,477,814</u>	<u>10,581,426</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(74,353)</u>	<u>1,474,097</u>	<u>1,399,744</u>	<u>(244,154)</u>
NON-OPERATING REVENUES, GAINS AND LOSSES				
Investment income (expense), net	(22,945)	144,056	121,111	118,199
Realized gains on sales of investments, net	10,712	38,907	49,619	286,146
Unrealized gains (losses) on investments, net	293,347	872,873	1,166,220	(904,431)
Other income	92,548	-	92,548	10,718
	<u>373,662</u>	<u>1,055,836</u>	<u>1,429,498</u>	<u>(489,368)</u>
OTHER CHANGE IN NET ASSETS				
Net periodic income and pension related loss	(3,725)	-	(3,725)	(15,104)
CHANGE IN NET ASSETS	<u>295,584</u>	<u>2,529,933</u>	<u>2,825,517</u>	<u>(748,626)</u>
NET ASSETS, <i>beginning of year</i>	<u>2,781,420</u>	<u>6,748,515</u>	<u>9,529,935</u>	<u>10,278,561</u>
NET ASSETS, <i>end of year</i>	<u>\$ 3,077,004</u>	<u>\$ 9,278,448</u>	<u>\$ 12,355,452</u>	<u>\$ 9,529,935</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,			
	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUES				
Ticket sales and admissions	\$ 2,712,722	\$ -	\$ 2,712,722	\$ 2,987,296
Membership revenues	2,215,046	-	2,215,046	2,094,296
Gifts and bequests	1,176,188	493,786	1,669,974	1,739,092
Third-party venue license fees	1,475,149	-	1,475,149	1,425,019
Fundraising event income	1,091,936	-	1,091,936	1,097,122
Other operating revenues	985,440	-	985,440	994,447
Net assets released from restrictions	746,980	(746,980)	-	-
Operating revenues	<u>10,403,461</u>	<u>(253,194)</u>	<u>10,150,267</u>	<u>10,337,272</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	3,947,972	-	3,947,972	4,170,488
Production expenses	1,917,812	-	1,917,812	1,900,243
Advertising and publicity	965,773	-	965,773	848,048
Box office	207,462	-	207,462	246,321
Other operating expenses	221,695	-	221,695	245,900
Fundraising, including event expense	1,292,824	-	1,292,824	1,505,673
Management and general	1,717,885	-	1,717,885	1,409,847
Operating expenses	<u>10,271,423</u>	<u>-</u>	<u>10,271,423</u>	<u>10,326,520</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>132,038</u>	<u>(253,194)</u>	<u>(121,156)</u>	<u>10,752</u>
NON-OPERATING REVENUE (EXPENSES)				
Capital contributions		1,727,291	1,727,291	-
Depreciation	(206,391)	-	(206,391)	(254,906)
Investment income	130,560	144,056	274,616	188,940
Realized gains on sales of investments, net	10,712	38,907	49,619	286,146
Investment management fees	(60,957)	-	(60,957)	(60,023)
Other pension related gains (losses)	(3,725)	-	(3,725)	(15,104)
Unrealized gains (losses) on investments, net	293,347	872,873	1,166,220	(904,431)
	<u>163,546</u>	<u>2,783,127</u>	<u>2,946,673</u>	<u>(759,378)</u>
CHANGE IN NET ASSETS	<u>295,584</u>	<u>2,529,933</u>	<u>2,825,517</u>	<u>(748,626)</u>
NET ASSETS, <i>beginning of year</i>	<u>2,781,420</u>	<u>6,748,515</u>	<u>9,529,935</u>	<u>10,278,561</u>
NET ASSETS, <i>end of year</i>	<u>\$ 3,077,004</u>	<u>\$ 9,278,448</u>	<u>\$ 12,355,452</u>	<u>\$ 9,529,935</u>

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,	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 233,769	\$ 349,217
Accounts receivable	46,250	53,448
Other current assets	23,288	28,440
Total current assets	303,307	431,105
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	525,656	675,571
	\$ 828,963	\$ 1,106,676
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 61,446	\$ 65,009
Deferred revenues	46,759	39,389
Due to affiliate	249,711	200,316
Total current liabilities	357,916	304,714
NET ASSETS		
Without donor restrictions	458,863	789,778
With donor restrictions	12,184	12,184
Total net assets	471,047	801,962
	\$ 828,963	\$ 1,106,676

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

Supplementary Information -
Statements of Activities - National Museum of Dance

	Years Ended December 31,			
	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUES AND GAINS				
Admissions	\$ 26,132	\$ -	\$ 26,132	\$ 12,393
Membership revenue	6,610	-	6,610	8,985
Unrestricted gifts and grants	104,047	-	104,047	31,784
Restricted gifts and grants	162,619	-	162,619	12,476
Fundraising event income	-	-	-	263,870
Other operating revenues	443,343	-	443,343	439,131
	<u>742,751</u>	<u>-</u>	<u>742,751</u>	<u>768,639</u>
OPERATING EXPENSES				
Performance and production	655,150	-	655,150	606,335
Fundraising, including event expense	3,182	-	3,182	44,696
Management and general	419,626	-	419,626	409,867
	<u>1,077,958</u>	<u>-</u>	<u>1,077,958</u>	<u>1,060,898</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(335,207)	-	(335,207)	(292,259)
NON-OPERATING REVENUES				
Interest income	4,292	-	4,292	3,515
CHANGE IN NET ASSETS	(330,915)	-	(330,915)	(288,744)
NET ASSETS, <i>beginning of year</i>	<u>789,778</u>	<u>12,184</u>	<u>801,962</u>	<u>1,090,706</u>
NET ASSETS, <i>end of year</i>	<u>\$ 458,863</u>	<u>\$ 12,184</u>	<u>\$ 471,047</u>	<u>\$ 801,962</u>

See Independent Auditor's Report.

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

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

	Years Ended December 31,	
	2019	2018
OPERATING REVENUES		
Admissions	\$ 26,132	\$ 12,393
Service fees	428,042	423,902
Gifts and grants	266,666	44,260
Membership income	6,610	8,985
Interest income	4,292	3,515
Revenues from auxiliary activities	14,897	13,154
Fundraising event income	-	263,870
Other operating revenues	404	2,075
	<u>747,043</u>	<u>772,154</u>
OPERATING EXPENSES		
Program expenses	265,599	218,852
Costs of sales and expense of auxiliary activities	224,889	224,590
Fundraising, including event expense	3,182	44,696
Management and general	419,626	409,867
	<u>913,296</u>	<u>898,005</u>
Operating loss	(166,253)	(125,851)
NON-OPERATING EXPENSES		
Depreciation	(164,662)	(162,893)
Net loss	<u>\$ (330,915)</u>	<u>\$ (288,744)</u>

**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,	
	2019	2018
RESTAURANT		
Fees	\$ 390,476	\$ 386,708
Less related expenses	165,737	163,021
	224,739	223,687
 AMPHITHEATER		
Rental fees	118,576	153,633
Less related expenses	55,958	82,879
	62,618	70,754
 BOX OFFICE SERVICE FEES	269,454	328,844
 HOUSE PROGRAM AND SOUVENIR ITEMS	2,196	3,583
 SARATOGA JAZZ FESTIVAL	43,273	40,532
 OTHER	161,465	81,147
	\$ 763,745	\$ 748,547

**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,	
	2019	2018
SALARIES AND WAGES		
Stage crew	\$ 300,412	\$ 356,374
Security and parking	59,386	61,808
Theater staff	213,865	187,307
Payroll taxes	17,544	17,109
Fringe benefits	72,736	71,352
Other	8,711	12,175
	<u>672,654</u>	<u>706,125</u>
Custodial supplies	7,114	5,843
Electrical supplies	105,714	126,173
Licenses and fees	5,375	2,575
Maintenance	28,003	26,211
Maintenance of grounds	118,865	128,470
Musical and sound rental	210,561	202,902
Piano tuning	1,360	2,090
Utilities	62,320	59,878
Other	705,846	639,976
	<u>705,846</u>	<u>639,976</u>
	<u>\$ 1,917,812</u>	<u>\$ 1,900,243</u>

**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,	
	2019	2018
Salaries and wages	\$ 357,873	\$ 334,419
Payroll taxes	25,170	28,449
Advertising and publicity	368,115	370,646
Design of advertising	8,660	10,569
Mailing list maintenance	-	1,917
Printing	31,577	32,291
Other	174,378	69,757
	<u>\$ 965,773</u>	<u>\$ 848,048</u>

**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,	
	2019	2018
Salaries and wages	\$ 108,737	\$ 125,639
Payroll taxes	13,893	13,362
Printing and forms	4,416	3,931
Service charges	72,902	92,493
Other	7,514	10,896
	<u>\$ 207,462</u>	<u>\$ 246,321</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,	
	2019	2018
Salaries and wages	\$ 1,028,842	\$ 791,250
Payroll taxes	81,061	59,113
Employee benefits	193,518	191,774
Accounting and legal	41,591	47,613
Bad debt expense	50,554	43,286
Custodial	10,668	8,069
Dues and subscriptions	4,611	10,423
Equipment rental	53,398	52,183
Insurance	16,933	17,377
Office supplies	12,997	12,798
Postage	13,490	10,947
Telephone	7,400	7,602
Travel and entertainment, Director	20,981	21,787
Other	181,841	135,625
	<u>\$ 1,717,885</u>	<u>\$ 1,409,847</u>