



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

Combined Financial Statements

December 31, 2017 and 2016

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Combined Financial Statements

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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, 2017 and 2016, the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Saratoga Performing Arts Center, Inc. and the National Museum of Dance as of December 31, 2017 and 2016, and the changes in combined net assets and combined 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 combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

BST & CO. CPAs, LLP

Albany, New York
March 8, 2018



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

Combined Statements of Financial Position

	December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,570,930	\$ 3,057,515
Accounts receivable, net	492,394	538,901
Current installments of contributions receivable, net	512,107	546,566
Accrued interest receivable	12,844	10,743
Other current assets	78,137	121,358
Total current assets	3,666,412	4,275,083
OTHER ASSETS		
Contributions receivable, net, less current installments	155,163	545,596
Investments	7,233,355	6,404,670
Leasehold improvements and equipment, net	2,239,648	1,992,864
Insurance premiums receivable	286,013	241,735
	\$ 13,580,591	\$ 13,459,948
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 394,619	\$ 474,838
Accrued pension expense	87,402	217,465
Deferred revenues	1,702,235	1,833,621
Total current liabilities	2,184,256	2,525,924
LONG-TERM LIABILITIES		
Liability for postretirement benefits	27,068	89,275
COMMITMENTS		
NET ASSETS		
Unrestricted		
Board designated	1,517,151	1,331,673
Undesignated	2,514,448	2,537,916
	4,031,599	3,869,589
Temporarily restricted	4,622,254	4,279,746
Permanently restricted	2,715,414	2,695,414
Total net assets	11,369,267	10,844,749
	\$ 13,580,591	\$ 13,459,948

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, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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	667,301	20,000	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>(459,070)</u>	<u>20,000</u>	<u>10,513,344</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	4,492,478	-	-	4,492,478
Production expenses	1,590,224	-	-	1,590,224
Advertising and publicity	973,721	-	-	973,721
Box office	200,735	-	-	200,735
Fundraising event expense	569,939	-	-	569,939
Other operating expenses	464,293	-	-	464,293
Administrative and general	2,380,481	-	-	2,380,481
Depreciation	392,564	-	-	392,564
	<u>11,064,435</u>	<u>-</u>	<u>-</u>	<u>11,064,435</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(112,021)</u>	<u>(459,070)</u>	<u>20,000</u>	<u>(551,091)</u>
NON-OPERATING REVENUES AND GAINS				
Investment income	33,724	140,484	-	174,208
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>246,196</u>	<u>801,578</u>	<u>-</u>	<u>1,047,774</u>
OTHER CHANGE IN NET ASSETS				
Pension related gain other than net periodic costs	27,835	-	-	27,835
CHANGE IN NET ASSETS	162,010	342,508	20,000	524,518
NET ASSETS, <i>beginning of year</i>	<u>3,869,589</u>	<u>4,279,746</u>	<u>2,695,414</u>	<u>10,844,749</u>
NET ASSETS, <i>end of year</i>	<u>\$ 4,031,599</u>	<u>\$ 4,622,254</u>	<u>\$ 2,715,414</u>	<u>\$ 11,369,267</u>

See accompanying Notes to Combined Financial Statements.

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

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

Combined Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 524,518	\$ 2,650,893
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	392,564	358,427
Realized gains on sales of investments, net	(166,819)	(59,237)
Unrealized gains on investments, net	(653,317)	(476,124)
Donated leasehold improvements and equipment	(108,000)	(59,500)
Bad debts	18,105	59,840
(Increase) decrease in		
Accounts receivable	28,402	(100,244)
Contributions receivable, net	424,892	(1,092,162)
Accrued interest receivable	(2,101)	(3,203)
Other current assets	43,221	5,857
Insurance premiums receivable	(44,278)	(81,785)
Increase (decrease) in		
Accounts payable and accrued expenses	(80,219)	87,837
Accrued pension expense and postretirement benefits	(192,270)	109,357
Deferred revenues	(131,386)	110,731
	53,312	1,510,687
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(531,348)	(544,748)
Proceeds from sales of investments	1,085,341	1,171,037
Purchases of investments	(1,093,890)	(1,523,245)
	(539,897)	(896,956)
Net increase (decrease) in cash and cash equivalents	(486,585)	613,731
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	3,057,515	2,443,784
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,570,930	\$ 3,057,515

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

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

b. Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

c. Estimates

The preparation of combined financial statements 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 2 and 15).

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

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, 2017 and 2016, respectively.

g. Contributions Receivables

Contributions receivable represent unconditional promises to give by donors. Contributions receivable that are expected to be collected during the next year are recorded at net realizable value. Contributions receivable expected to be collected after one year are recorded at fair value, which is measured as the present value of estimated future cash flows discounted at an adjusted risk-free rate. Amortization of the discount is reflected as contributions. Management considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary at December 31, 2017 or 2016.

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

h. Investments

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

i. Leasehold Improvements and Equipment, Net

Leasehold improvements and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When leasehold improvements and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is charged to the change in net assets. Depreciation and amortization are computed using the straight-line method in a manner that is intended to amortize the cost of such assets over their estimated useful lives (5-50 years). Amortization of leasehold improvements, which is included with depreciation in these financial statements, is computed over the shorter of the life of the lease or the life of the asset.

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

i. Leasehold Improvements and Equipment, Net - Continued

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

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments on long-lived assets at December 31, 2017 and 2016.

j. Revenue Recognition

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

k. Donated Services

The value of donated services is not reflected in the accompanying combined financial statements since either no specific skills are required for the services or there is no objective basis available by which to measure value.

l. Allocation of Expenses

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

m. Advertising and Publicity

Advertising and publicity costs are expensed as incurred.

n. Tax Status

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

n. Tax Status - Continued

SPAC and the Museum each file Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated SPAC's and the Museum's tax positions, including interest and penalties attributable thereto, and concluded that SPAC and the Museum have taken no tax positions that required adjustment in their financial statements as of December 31, 2017 and 2016.

o. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 8, 2018, the date the combined financial statements were available to be issued.

Note 2 - Investments

Investments consist of the following:

	December 31, 2017			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Common stocks	\$ 2,957,909	\$ 1,661,447	\$ -	\$ 4,619,356
Fixed income securities	1,405,107	272	-	1,405,379
Mutual funds	1,026,262	182,358	-	1,208,620
Total investments	\$ 5,389,278	\$ 1,844,077	\$ -	\$ 7,233,355
	December 31, 2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Common stocks	\$ 2,963,333	\$ 1,115,235	\$ -	\$ 4,078,568
Fixed income securities	1,224,315	4,503	-	1,228,818
Mutual funds	1,026,262	71,022	-	1,097,284
Total investments	\$ 5,213,910	\$ 1,190,760	\$ -	\$ 6,404,670

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

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,		
2018	\$	512,107
2019		109,333
2020		40,000
2021		40,000
		<u>701,440</u>
Less discounts to present value		<u>(34,170)</u>
Total contributions receivable, net	\$	<u>667,270</u>

Note 4 - Leasehold Improvements and Equipment, Net

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

	December 31,	
	<u>2017</u>	<u>2016</u>
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	2,119,195	1,844,161
National Museum of Dance, leasehold improvements	1,919,347	1,908,300
Dance studios	1,124,246	1,048,246
Equipment	<u>3,131,928</u>	<u>2,854,661</u>
	10,982,702	10,343,354
Less accumulated depreciation	<u>8,743,054</u>	<u>8,350,490</u>
	<u>\$ 2,239,648</u>	<u>\$ 1,992,864</u>

Note 5 - Line-of-Credit

SPAC has a line-of-credit with Adirondack Trust Company for \$500,000, under which SPAC may borrow at the prime rate minus .38% (3.50% and 3.37% at December 31, 2017 and 2016, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2017 and 2016. 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.
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Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 6 - Employee Benefit Plan - Continued

Obligations and Funded Status

	December 31,	
	2017	2016
Projected benefit obligation	\$ 1,257,693	\$ 1,280,578
Fair value of plan assets	<u>1,230,625</u>	<u>1,191,303</u>
Funded status at end of year	<u>\$ (27,068)</u>	<u>\$ (89,275)</u>

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

	December 31,	
	2017	2016
Net periodic pension cost/(income)	<u>\$ (34,372)</u>	<u>\$ (32,031)</u>
Benefits paid	<u>\$ 93,864</u>	<u>\$ 93,864</u>

SPAC made no contributions to the plan for the years ended December 31, 2017 or 2016.

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

	December 31,	
	2017	2016
Discount rate	3.28%	3.70%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2017	2016
Discount rate	3.70%	3.70%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

Plan Assets

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

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

	December 31,	
	2017	2016
Equity securities	59%	60%
Debt securities	40%	36%
Other	1%	4%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2017, was 35% - 80% equity securities, 20% - 60% debt securities, and 0% - 10% other.

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

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

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

The plan's assets measured at fair value on a recurring basis at December 31, 2017 and 2016, are summarized below (see Note 15 for definitions of investment classes and levels):

	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

**Saratoga Performing Arts Center, Inc.
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Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Fixed income securities				
U.S. Treasury obligations	86,918	-	-	86,918
Corporate bonds	-	403,732	-	403,732
	<u>86,918</u>	<u>403,732</u>	<u>-</u>	<u>490,650</u>
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
	<u>281,705</u>	<u>-</u>	<u>-</u>	<u>281,705</u>
Cash and cash equivalents	<u>18,516</u>	<u>-</u>	<u>-</u>	<u>18,516</u>
Total investments	<u>\$ 826,893</u>	<u>\$ 403,732</u>	<u>\$ -</u>	<u>\$ 1,230,625</u>
	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Consumer goods	\$ 64,889	\$ -	\$ -	\$ 64,889
Energy	36,349	-	-	36,349
Financial	105,083	-	-	105,083
Health care	69,964	-	-	69,964
Industrial	45,490	-	-	45,490
Information technology	99,192	-	-	99,192
Telecom	36,115	-	-	36,115
	<u>457,082</u>	<u>-</u>	<u>-</u>	<u>457,082</u>
Fixed income securities				
U.S. Treasury obligations	41,663	-	-	41,663
Corporate bonds	-	384,076	-	384,076
	<u>41,663</u>	<u>384,076</u>	<u>-</u>	<u>425,739</u>
Mutual funds				
Emerging Markets Fund	12,988	-	-	12,988
Growth Funds	68,088	-	-	68,088
Value Funds	126,684	-	-	126,684
International Fund	47,880	-	-	47,880
	<u>255,640</u>	<u>-</u>	<u>-</u>	<u>255,640</u>
Cash and cash equivalents	<u>52,842</u>	<u>-</u>	<u>-</u>	<u>52,842</u>
Total investments	<u>\$ 807,227</u>	<u>\$ 384,076</u>	<u>\$ -</u>	<u>\$ 1,191,303</u>

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 6 - Employee Benefit Plan - Continued

Cash Flows

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

For the year ending December 31,		
2018	\$	98,993
2019		94,945
2020		91,418
2021		88,294
2022		85,461
2023 through 2027		384,746

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2018.

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

Note 7 - Defined Contribution Plan

SPAC has a non-contributory defined contribution plan covering substantially all full-time employees. Eligible employees must have completed one year of service and worked at least 1,000 hours. Employer contributions of \$87,402 and \$217,465 were accrued as of December 31, 2017 and 2016, respectively.

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2017	2016
Museum exhibits	\$ 12,184	\$ 12,184
Orchestra Commission	62,500	62,500
Future operating expenses	1,051,148	1,480,965
Classical performances, endowment	3,496,422	2,724,097
	<u>\$ 4,622,254</u>	<u>\$ 4,279,746</u>

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 9 - Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes:

	December 31,	
	2017	2016
Classical performances	\$ 2,500,000	\$ 2,500,000
Other	215,414	195,414
	<u>\$ 2,715,414</u>	<u>\$ 2,695,414</u>

SPAC has entered into an agreement with the H. Schaffer Foundation (Foundation) whereby the Foundation made a grant in the amount of \$2,500,000 designating all income derived from the grant to be used at SPAC's discretion for presentations of ballet, orchestra, chamber music, and opera.

Note 10 - Endowment

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

Relevant Law

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

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

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

Notes to Combined Financial Statements December 31, 2017 and 2016

Note 10 - Endowment - Continued

Relevant Law - Continued

2017

Endowment net asset composition by type of fund:

	December 31, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 3,496,422	\$ 2,715,414	\$ 6,211,836
Board-designated endowment funds	1,517,151	-	-	1,517,151
Total funds	\$ 1,517,151	\$ 3,496,422	\$ 2,715,414	\$ 7,728,987

Changes in endowment net assets:

	Year Ended December 31, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 1,331,673	\$ 2,724,097	\$ 2,695,414	\$ 6,751,184
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	\$ 3,496,422	\$ 2,715,414	\$ 7,728,987

2016

Endowment net asset composition by type of fund:

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 10 - Endowment - Continued

Relevant Law - Continued

2016 - Continued

Changes in endowment net assets:

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires SPAC to retain it at as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in unrestricted net assets. These deficiencies could result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no such deficiencies as of December 31, 2017 and 2016.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 10 - Endowment - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 11 - In-Kind Contributions

In 2017 and 2016, SPAC and the Museum entered into barter agreements, whereby they received \$354,722 and \$427,432, respectively, in gifts in-kind. A portion of these gifts include exchanging ticket inventory for future advertising credits.

Note 12 - License Agreement

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

Note 13 - Related Party Transactions

During 1998, SPAC's Board of Directors entered into an employment agreement with the then President of SPAC for a term of eight years. The agreement included provisions for an estate enhancement program last survivor variable split dollar life insurance policy. Under the terms of the agreement, SPAC was obligated to pay annual premiums on this policy and is to be repaid in full for those premiums from the proceeds of the policy. SPAC is entitled to receive the greater of the premiums paid or cash surrender value of the policy. These payments are recorded on the statements of financial position as insurance premiums receivable.

Note 14 - Commitments and Risks

a. Concentrations of Credit Risk

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 14 - Commitments and Risks - Continued

b. License and Lease Agreements

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

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

c. Escrow Account

SPAC is party to an agreement with OPRHP granting SPAC a license to use the Hall of Springs for the purpose of operating a concession for the sale of food and beverages through March 2021. Under the terms of the agreement, SPAC is required to remit to OPRHP the greater of \$135,000, or 45% of the revenue earned by SPAC under the agreement on an annual basis. Additionally, SPAC is required to deposit an additional 10% of annual revenues earned into a replacement and refurbishment account. The intent of the account is to provide funds to enhance and refurbish portions of the licensed premises. All expenditures from the account require the prior approval of OPRHP and co-authorization by SPAC and OPRHP. SPAC's liability under the agreement is \$151,673 and \$194,940 at December 31, 2017 and 2016, respectively, and is reflected in accounts payable and accrued expenses on the combined statements of financial position.

Note 15 - Fair Value of Financial Instruments

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

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

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

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

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

Notes to Combined Financial Statements December 31, 2017 and 2016

Note 15 - Fair Value of Financial Instruments - Continued

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2017 and 2016:

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, 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>
December 31, 2016				
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 4,078,568	\$ -	\$ -	\$ 4,078,568
Fixed income securities	-	1,228,818	-	1,228,818
Mutual funds	1,097,284	-	-	1,097,284
Total investments	<u>\$ 5,175,852</u>	<u>\$ 1,228,818</u>	<u>\$ -</u>	<u>\$ 6,404,670</u>

Note 16 - Accounting Standards Issued But Not Yet Implemented

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

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

Notes to Combined Financial Statements
December 31, 2017 and 2016

Note 16 - 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 twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard on the combined financial statements. SPAC and the Museum currently expect that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized in the statement of financial position in amounts that will be material.

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

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic 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. ASU 2017-07 is effective for annual periods beginning after December 15, 2018, with early adoption permitted. 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 statement of activities, 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 their combined financial statements.

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

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

	December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,088,938	\$ 2,407,911
Accounts receivable, net	460,594	538,701
Current installments of contributions receivable, net	512,107	546,566
Accrued interest receivable	12,844	10,743
Other current assets	53,286	76,751
Due from affiliate	106,482	133,157
Total current assets	3,234,251	3,713,829
OTHER ASSETS		
Contributions receivable, net, less current installments	155,163	545,596
Investments	7,233,355	6,404,670
Leasehold improvements and equipment, net	1,512,339	1,341,745
Insurance premiums receivable	286,013	241,735
	\$ 12,421,121	\$ 12,247,575
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 338,453	\$ 424,749
Accrued pension expense	87,402	217,465
Deferred revenues	1,689,637	1,818,188
Total current liabilities	2,115,492	2,460,402
LONG-TERM LIABILITIES		
Liability for postretirement benefits	27,068	89,275
COMMITMENTS		
NET ASSETS		
Unrestricted		
Board designated	1,517,151	1,331,673
Undesignated	1,435,926	1,403,249
	2,953,077	2,734,922
Temporarily restricted	4,610,070	4,267,562
Permanently restricted	2,715,414	2,695,414
Total net assets	10,278,561	9,697,898
	\$ 12,421,121	\$ 12,247,575

See Independent Auditor's Report.

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

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

	Years Ended December 31,				
	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
OPERATING REVENUES AND GAINS					
Ticket sales and admissions	\$ 2,850,470	\$ -	\$ -	\$ 2,850,470	\$ 3,333,738
Membership revenues	2,098,038	-	-	2,098,038	2,794,440
Unrestricted gifts and grants	4,705	-	-	4,705	41,770
Restricted gifts and grants	1,027,316	667,301	20,000	1,714,617	2,883,033
Exceptional gifts	-	-	-	-	411,984
Fundraising event income	858,314	-	-	858,314	1,019,757
Third-party license fees	1,109,433	-	-	1,109,433	1,450,186
Other operating revenues	915,547	-	-	915,547	938,911
Net assets released from restrictions	1,126,371	(1,126,371)	-	-	-
	<u>9,990,194</u>	<u>(459,070)</u>	<u>20,000</u>	<u>9,551,124</u>	<u>12,873,819</u>
OPERATING EXPENSES					
Performance costs					
Direct talent	4,492,478	-	-	4,492,478	5,005,529
Production expenses	1,422,799	-	-	1,422,799	1,467,737
Advertising and publicity	957,667	-	-	957,667	990,421
Box office	200,735	-	-	200,735	231,999
Fundraising event expenses	501,648	-	-	501,648	566,844
Other operating expenses	242,955	-	-	242,955	233,406
Administrative and general	1,974,862	-	-	1,974,862	2,194,759
Depreciation	250,614	-	-	250,614	240,369
	<u>10,043,758</u>	<u>-</u>	<u>-</u>	<u>10,043,758</u>	<u>10,931,064</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(53,564)</u>	<u>(459,070)</u>	<u>20,000</u>	<u>(492,634)</u>	<u>1,942,755</u>
NON-OPERATING REVENUES AND GAINS					
Investment income	33,724	140,484	-	174,208	139,145
Realized gains on sales of investments, net	42,980	123,839	-	166,819	59,237
Unrealized gains on investments, net	116,062	537,255	-	653,317	476,124
Other income	51,118	-	-	51,118	87,173
	<u>243,884</u>	<u>801,578</u>	<u>-</u>	<u>1,045,462</u>	<u>761,679</u>
OTHER CHANGE IN NET ASSETS					
Pension related gain other than net periodic costs	27,835	-	-	27,835	(15,239)
CHANGE IN NET ASSETS	<u>218,155</u>	<u>342,508</u>	<u>20,000</u>	<u>580,663</u>	<u>2,689,195</u>
NET ASSETS, <i>beginning of year</i>	<u>2,734,922</u>	<u>4,267,562</u>	<u>2,695,414</u>	<u>9,697,898</u>	<u>7,008,703</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,953,077</u>	<u>\$ 4,610,070</u>	<u>\$ 2,715,414</u>	<u>\$ 10,278,561</u>	<u>\$ 9,697,898</u>

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, 2017 (Comparative totals for 2016)				
	Unrestricted	Temporarily Restricted	Permanently restricted	2017 Total	2016 Total
UNRESTRICTED OPERATING REVENUES					
Ticket sales and admissions	\$ 2,850,470	\$ -	\$ -	\$ 2,850,470	\$ 3,333,738
Membership revenues	2,098,038	-	-	2,098,038	2,794,440
Gifts and bequests	1,032,021	667,301	20,000	1,719,322	2,924,803
Third-party license fees	1,109,433	-	-	1,109,433	1,450,186
Fundraising event income	858,314	-	-	858,314	1,019,757
Other operating revenues	915,547	-	-	915,547	938,911
Net assets released from restrictions	1,126,371	(1,126,371)	-	-	-
Unrestricted operating revenues	<u>9,990,194</u>	<u>(459,070)</u>	<u>20,000</u>	<u>9,551,124</u>	<u>12,461,835</u>
OPERATING EXPENSES					
Performance costs					
Direct talent	4,492,478	-	-	4,492,478	5,005,529
Production expenses	1,422,799	-	-	1,422,799	1,467,737
Advertising and publicity	957,667	-	-	957,667	990,421
Box office	200,735	-	-	200,735	231,999
Fundraising event expense	501,648	-	-	501,648	566,844
Other operating expenses	242,955	-	-	242,955	233,406
Administrative and general	1,923,330	-	-	1,923,330	2,151,451
Operating expenses	<u>9,741,612</u>	<u>-</u>	<u>-</u>	<u>9,741,612</u>	<u>10,647,387</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>248,582</u>	<u>(459,070)</u>	<u>20,000</u>	<u>(190,488)</u>	<u>1,814,448</u>
NON-OPERATING REVENUE (EXPENSES)					
Exceptional gifts	-	-	-	-	411,984
Depreciation	(250,614)	-	-	(250,614)	(240,369)
Investment income	84,842	140,484	-	225,326	226,318
Realized gains on sales of investments, net	42,980	123,839	-	166,819	59,237
Investment management fees	(51,532)	-	-	(51,532)	(43,308)
Other pension related gains (expense)	27,835	-	-	27,835	(15,239)
Unrealized gains on investments, net	116,062	537,255	-	653,317	476,124
	<u>(30,427)</u>	<u>801,578</u>	<u>-</u>	<u>771,151</u>	<u>874,747</u>
CHANGE IN NET ASSETS	<u>218,155</u>	<u>342,508</u>	<u>20,000</u>	<u>580,663</u>	<u>2,689,195</u>
NET ASSETS, <i>beginning of year</i>	<u>2,734,922</u>	<u>4,267,562</u>	<u>2,695,414</u>	<u>9,697,898</u>	<u>7,008,703</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,953,077</u>	<u>\$ 4,610,070</u>	<u>\$ 2,715,414</u>	<u>\$ 10,278,561</u>	<u>\$ 9,697,898</u>

See Independent Auditor's Report.

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

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

	December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 481,992	\$ 649,604
Accounts receivable	31,800	200
Other current assets	24,851	44,607
Total current assets	538,643	694,411
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	727,309	651,119
	\$ 1,265,952	\$ 1,345,530
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 56,166	\$ 50,089
Deferred revenues	12,598	15,433
Due to affiliate	106,482	133,157
Total current liabilities	175,246	198,679
NET ASSETS		
Unrestricted	1,078,522	1,134,667
Temporarily restricted	12,184	12,184
Total net assets	1,090,706	1,146,851
	\$ 1,265,952	\$ 1,345,530

See Independent Auditor's Report.

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

Supplementary Information - Statement of Activities - National Museum of Dance

	Years Ended December 31,			2016 Total
	Unrestricted	Temporarily Restricted	2017 Total	
REVENUES AND GAINS				
Admissions	\$ 16,692	\$ -	\$ 16,692	\$ 17,994
Membership revenue	9,262	-	9,262	9,276
Unrestricted gifts and grants	158,303	-	158,303	59,690
Restricted gifts and grants	8,429	-	8,429	72,980
Fundraising event income	327,158	-	327,158	337,130
Other operating revenues	442,376	-	442,376	476,153
	<u>962,220</u>	<u>-</u>	<u>962,220</u>	<u>973,223</u>
EXPENSES				
Museum program	167,425	-	167,425	166,788
Advertising and publicity	16,054	-	16,054	16,550
Fundraising event expense	68,291	-	68,291	112,700
Other operating expenses	221,338	-	221,338	223,396
Administrative and general	405,619	-	405,619	374,815
Depreciation	141,950	-	141,950	118,058
	<u>1,020,677</u>	<u>-</u>	<u>1,020,677</u>	<u>1,012,307</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(58,457)	-	(58,457)	(39,084)
NON-OPERATING REVENUES				
Interest income	2,312	-	2,312	782
CHANGE IN NET ASSETS	(56,145)	-	(56,145)	(38,302)
NET ASSETS, <i>beginning of year</i>	<u>1,134,667</u>	<u>12,184</u>	<u>1,146,851</u>	<u>1,185,153</u>
NET ASSETS, <i>end of year</i>	<u>\$ 1,078,522</u>	<u>\$ 12,184</u>	<u>\$ 1,090,706</u>	<u>\$ 1,146,851</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,	
	2017	2016
OPERATING REVENUES		
Admissions	\$ 16,692	\$ 17,994
Service fees	428,550	461,098
Gifts and grants	166,732	132,670
Membership income	9,262	9,276
Interest income	2,312	782
Revenues from auxiliary activities	12,792	15,005
Fundraising event income	327,158	337,130
Other operating revenues	1,034	50
	964,532	974,005
OPERATING EXPENSES		
Program expenses	183,479	183,338
Management and general	405,619	374,815
Fundraising event expense	68,291	112,700
Costs of sales and expense of auxiliary activities	221,338	223,396
	878,727	894,249
Operating income	85,805	79,756
NON-OPERATING EXPENSES		
Depreciation	(141,950)	(118,058)
Net loss	\$ (56,145)	\$ (38,302)

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

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

	Years Ended December 31,	
	2017	2016
RESTAURANT		
Fees	\$ 368,173	\$ 387,499
Less related expenses	170,832	176,593
	197,341	210,906
 AMPHITHEATER		
Rental fees	132,767	121,791
Less related expenses	72,123	56,813
	60,644	64,978
 BOX OFFICE SERVICE FEES	296,457	350,594
 HOUSE PROGRAM AND SOUVENIR ITEMS	4,049	6,120
 SARATOGA JAZZ FESTIVAL	54,245	45,401
 OTHER	59,856	27,506
	\$ 672,592	\$ 705,505

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

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

	Years Ended December 31,	
	2017	2016
SALARIES AND WAGES		
Stage crew	\$ 316,119	\$ 363,962
Security and parking	55,709	52,247
Theater staff	109,908	91,250
Payroll taxes	21,785	20,018
Other	23,774	7,043
	527,295	534,520
Custodial supplies	6,439	7,345
Electrical supplies	101,012	98,987
Licenses and fees	3,802	4,215
Maintenance	21,645	41,877
Maintenance of grounds	107,846	128,658
Musical and sound rental	178,778	158,119
Piano tuning	1,900	1,805
Utilities	60,964	62,334
Other	413,118	429,877
	\$ 1,422,799	\$ 1,467,737

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

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

	Years Ended December 31,	
	2017	2016
Salaries and wages	\$ 369,595	\$ 397,360
Payroll taxes	29,704	35,711
Advertising and publicity	422,270	454,898
Design of advertising	13,484	20,519
Printing	12,041	26,214
Other	110,573	55,719
	<u>\$ 957,667</u>	<u>\$ 990,421</u>

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

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

	Years Ended December 31,	
	2017	2016
Salaries and wages	\$ 99,273	\$ 107,660
Payroll taxes	13,013	13,518
Printing and forms	1,663	7,591
Service charges	81,540	94,598
Equipment rental	952	1,195
Other	4,294	7,437
	<u>\$ 200,735</u>	<u>\$ 231,999</u>

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

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

	Years Ended December 31,	
	2017	2016
Salaries and wages	\$ 1,028,730	\$ 1,002,423
Payroll taxes	85,128	86,788
Employee benefits	277,896	292,807
Accounting and legal	27,100	31,168
Bad debt expense	18,105	59,840
Custodial	8,233	7,942
Development office fund raising	151,848	115,511
Dues and subscriptions	9,033	15,256
Equipment rental	45,090	61,460
Facility repairs and maintenance	39,702	42,059
Insurance	114,555	121,121
Investment management fees	51,532	43,308
Office supplies	10,450	14,770
Postage	12,694	15,592
Telephone	22,325	23,591
Travel and entertainment, Director	18,573	16,871
Other	53,868	244,252
	<u>\$ 1,974,862</u>	<u>\$ 2,194,759</u>