



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

Combined Financial Statements

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

BST+Co.CPAs, LLP

Albany, New York
March 3, 2021



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

Combined Statements of Financial Position

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,561,541	\$ 2,094,522
Accounts receivable, net	245,537	509,782
Grants receivable	1,500,000	-
Current installments of contributions receivable, net	28,333	1,468,290
Accrued interest receivable	9,089	12,844
Other current assets	69,931	103,414
Total current assets	4,414,431	4,188,852
OTHER ASSETS		
Contributions receivable, net, less current installments	60,000	20,000
Investments	9,243,376	8,293,720
Leasehold improvements and equipment, net	10,327,011	3,599,018
Insurance premiums receivable	402,671	345,453
	\$ 24,447,489	\$ 16,447,043
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 939,648	\$ 1,906,632
Construction line of credit	1,250,000	-
Accrued pension expense	125,066	128,574
Deferred revenues	1,233,702	1,539,441
Total current liabilities	3,548,416	3,574,647
LONG-TERM LIABILITIES		
Liability for postretirement benefits	57,173	45,897
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,934,355	1,755,245
Undesignated	10,454,267	1,780,622
	12,388,622	3,535,867
With donor restrictions	8,453,278	9,290,632
Total net assets	20,841,900	12,826,499
	\$ 24,447,489	\$ 16,447,043

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, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 33,378	\$ -	\$ 33,378
Membership revenues	2,606,162	-	2,606,162
Unrestricted gifts and grants	546,921	-	546,921
Restricted gifts and grants	295,647	693,752	989,399
Fundraising event income	126,684	-	126,684
Third-party venue license fees	5,045	-	5,045
Other operating revenues	345,914	-	345,914
Capital contributions and grants	7,001,095		7,001,095
Net assets released from restriction	2,350,151	(2,350,151)	-
	13,310,997	(1,656,399)	11,654,598
OPERATING EXPENSES			
Performance and production	1,997,235	-	1,997,235
Fundraising, including event expense	658,161	-	658,161
Management and general	1,979,869	-	1,979,869
	4,635,265	-	4,635,265
CHANGE IN NET ASSETS FROM OPERATIONS	8,675,732	(1,656,399)	7,019,333
NON-OPERATING REVENUES, GAINS AND LOSSES			
Investment income (expense), net	(31,421)	116,218	84,797
Realized gains on sales of investments, net	66,369	306,468	372,837
Unrealized gains on investments, net	93,804	396,359	490,163
Other income	59,547	-	59,547
	188,299	819,045	1,007,344
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	(11,276)	-	(11,276)
CHANGE IN NET ASSETS	8,852,755	(837,354)	8,015,401
NET ASSETS, beginning of year	3,535,867	9,290,632	12,826,499
NET ASSETS, end of year	\$ 12,388,622	\$ 8,453,278	\$ 20,841,900

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 and grants	-	1,727,291	1,727,291
Net assets released from restriction	746,980	(746,980)	-
	11,146,212	1,474,097	12,620,309
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
	11,555,772	-	11,555,772
CHANGE IN NET ASSETS FROM OPERATIONS	(409,560)	1,474,097	1,064,537
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
	377,954	1,055,836	1,433,790
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	(3,725)	-	(3,725)
CHANGE IN NET ASSETS	(35,331)	2,529,933	2,494,602
NET ASSETS, beginning of year	3,571,198	6,760,699	10,331,897
NET ASSETS, end of year	\$ 3,535,867	\$ 9,290,632	\$ 12,826,499

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, 2020			
	Performance and Production	Fundraising (Including Event Expense)	Management and General	Total
Salaries and wages	\$ 453,558	\$ 427,711	\$ 1,192,318	\$ 2,073,587
Payroll taxes	38,011	25,613	101,074	164,698
Employee benefits	76,141	88,680	231,471	396,292
Accounting and legal	-	-	54,689	54,689
Advertising and publicity	184,348	7,246	-	191,594
Bad debt expense	-	-	216,360	216,360
Custodial	3,668	-	3,943	7,611
Depreciation	403,384	-	-	403,384
Direct talent cost	198,608	-	-	198,608
Dues and subscriptions	-	-	10,138	10,138
Food and beverage	-	34,424	-	34,424
Theater lighting	-	-	-	-
Office technology and support	-	-	53,727	53,727
Exhibit costs	8,032	-	-	8,032
Insurance	142,000	5,741	24,766	172,507
Facilities and maintenance	267,042	-	-	267,042
Facility rental costs and commissions	-	-	-	-
Musical and sound rental	-	-	-	-
Office supplies	-	-	12,069	12,069
Other	-	26,150	57,108	83,258
Postage and mailing	-	-	5,670	5,670
Production costs	77,333	26,003	-	103,336
Rental	-	-	-	-
School of the Arts	3,428	-	-	3,428
Service charges	53,008	-	-	53,008
Telephone	9,368	9,368	9,366	28,102
Entertainment/travel	-	7,225	1,987	9,212
Utilities	79,306	-	5,183	84,489
	\$ 1,997,235	\$ 658,161	\$ 1,979,869	\$ 4,635,265

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
	<u>\$ 8,122,255</u>	<u>\$ 1,296,006</u>	<u>\$ 2,137,511</u>	<u>\$ 11,555,772</u>

See accompanying Notes to Combined Financial Statements.

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

Combined Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 8,015,401	\$ 2,494,602
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	403,384	371,053
Realized gains on sales of investments, net	(372,837)	(49,619)
Unrealized gains on investments, net	(490,163)	(1,166,220)
Bad debts	216,360	50,554
Non cash adjustment of cost basis on investment	(26,793)	-
(Increase) decrease in		
Accounts receivable	47,885	(116,232)
Grants receivable	(1,500,000)	-
Contributions receivable, net	1,399,957	(1,071,625)
Accrued interest receivable	3,755	1,126
Other current assets	33,483	(16,814)
Insurance premiums receivable	(57,218)	(67,257)
Increase (decrease) in		
Accounts payable and accrued expenses	(966,984)	1,239,533
Accrued pension expense and postretirement benefits	7,768	15,407
Deferred revenues	(305,739)	105,904
	6,408,259	1,790,412
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(7,131,377)	(1,833,577)
Proceeds from sales of investments	2,485,735	2,093,393
Purchases of investments	(2,545,598)	(2,163,518)
	(7,191,240)	(1,903,702)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Proceeds from construction line of credit	1,250,000	-
Net increase (decrease) in cash and cash equivalents	467,019	(113,290)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	2,094,522	2,207,812
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,561,541	\$ 2,094,522

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

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 and Grants Receivable*

Accounts and grants 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 and grants receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. An account or grant 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 \$25,063 and \$35,178 December 31, 2020 and 2019, respectively.

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.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies

g. Contributions Receivable - Continued

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, 2020 or 2019.

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, 2020 and 2019.

j. Paycheck Protection Program

SPAC and the Museum account for Paycheck Protection Program ("PPP") loans as conditional contributions in the form of a refundable advance. Upon legal release, amounts forgiven are recorded as unrestricted gifts and grants.

k. 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, 2020 and 2019

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

k. 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.

l. 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; and
- 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, gift certificates and lawn passes for events that it produces. SPAC's performance obligations with respect to event-related revenues 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, 2020 and 2019

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

l. 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 School of Dance. 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 recognized at a point in time. Revenue from the School of Dance 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,		
	2020	2019	2018
Accounts receivable, net	\$ 702	\$ 69,303	\$ 112,616
Deferred revenue	257,318	259,451	167,561

m. Contributions, Grants and Membership Dues

SPAC and the Museum recognize contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions, grants and promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

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.

In 2020 and 2019, SPAC obtained \$7,001,095 in contributions and grants, and \$1,727,291 in contributions, respectively, for the construction of new guest service, educational, and community gathering facilities, which are classified in capital contributions and grants and capital contributions, respectively, on the statements of activities, \$1,500,000 of which is due from two New York State agencies and is included in grants receivable as of December 31, 2020.

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

Notes to Combined Financial Statements December 31, 2020 and 2019

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

m. Contributions, Grants and Membership Dues - Continued

In April 2020, SPAC obtained a \$531,000 loan pursuant to the PPP under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted March 27, 2020. Loans under the PPP, including accrued interest, are forgivable after twenty-four weeks if, in general, employee and compensation levels are maintained, and the proceeds are used for eligible expenses including payroll, benefits, rent and utilities.

Management applied for forgiveness-in-full and, in December 2020, received notification from the lender that the application was approved by the Small Business Administration ("SBA"), and that the SBA repaid the refundable advance/PPP loan to the lender. The forgiveness of the refundable advance/PPP loan is recorded as unrestricted gifts and grants during the year ended December 31, 2020.

n. Donated Services

Donated services, marketable securities, property and equipment and other non-cash donations are recorded as contributions at their fair value at the date of donation. Such donations are recorded as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose.

o. 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.

p. Advertising and Publicity

Advertising and publicity costs are expensed as incurred.

q. 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, 2020 and 2019.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

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

r. Adoption of New Accounting Standard

In August 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, which modified the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. SPAC and the Museum adopted the standard during the year ended December 31, 2020. There was no material impact on SPAC's and the Museum's results of operations or financial condition upon adoption of the new standard.

s. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 3, 2021, the date the combined financial statements were available to be issued.

Note 2 - Liquidity and Availability

	December 31,	
	2020	2019
Total assets	\$ 24,447,489	\$ 16,447,043
Less: assets not available for general expenditures		
Cash and cash equivalents, held in endowment	(348,765)	(327,811)
Accrued interest receivable, held in endowment	(9,089)	(12,844)
Other current assets	(69,931)	(103,414)
Contribution receivable, with donor restrictions	-	(1,208,291)
Contribution receivable, held in endowment	(20,000)	(40,000)
Long-term portion of contribution receivable	(60,000)	-
Investments, held in endowment	(9,243,376)	(8,293,720)
Leasehold improvements and equipment, net	(10,327,011)	(3,599,018)
Insurance premiums receivable	(402,671)	(345,453)
Financial assets available for general expenditures	\$ 3,966,646	\$ 2,516,492

SPAC and the Museum have \$3,966,646 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), they include \$1,934,355 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 \$4,893,594 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, 2020 and 2019

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,		
2021	\$	28,333
2022		30,000
2023		<u>30,000</u>
Total contributions receivable	\$	<u><u>88,333</u></u>

Note 4 - Leasehold Improvements and Equipment, Net

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

	December 31,	
	2020	2019
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	11,018,695	2,237,332
National Museum of Dance, leasehold improvements	2,045,023	1,971,680
Dance studios	1,135,302	1,135,302
Equipment	<u>3,360,309</u>	<u>3,333,574</u>
	20,247,315	11,365,874
Less accumulated depreciation	<u>9,935,292</u>	<u>9,531,908</u>
Construction in progress	<u>14,988</u>	<u>1,765,052</u>
	<u><u>\$ 10,327,011</u></u>	<u><u>\$ 3,599,018</u></u>

Note 5 - Lines-of-Credit

SPAC has a line-of-credit with Adirondack Trust Company for \$500,000, under which SPAC may borrow at the prime rate minus .38% (2.87% and 4.37% at December 31, 2020 and 2019, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2020 and 2019. This line-of-credit is secured by investments.

In 2020, SPAC obtained a construction line-of-credit with Adirondack Trust Company for \$1,250,000, of which \$1,250,000 as outstanding at December 31, 2020. The line matures on March 31, 2021 and interest is payable at 3.50%. This line-of-credit is secured by investments.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

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 net assets without donor restrictions in the year in which the changes occur.

Obligations and Funded Status

	December 31,	
	2020	2019
Projected benefit obligation	\$ 1,253,214	\$ 1,220,805
Fair value of plan assets	1,196,041	1,174,908
Funded status at end of year	\$ (57,173)	\$ (45,897)

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

	December 31,	
	2020	2019
Net periodic pension income	\$ (40,030)	\$ (30,561)
Benefits paid	\$ 88,892	\$ 93,864

SPAC made no contributions to the plan for the years ended December 31, 2020 or 2019.

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

	December 31,	
	2020	2019
Discount rate	1.93%	2.83%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2020	2019
Discount rate	2.83%	3.94%
Expected long-term return on plan assets	6.50%	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, 2020 and 2019

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,	
	2020	2019
Equity securities	64%	62%
Debt securities	35%	35%
Other	1%	3%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2020 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, 2020 and 2019

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

The plan's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 are summarized below (see Note 13 for definitions of investment classes and levels):

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	\$ 84,242	\$ -	\$ -	\$ 84,242
Commodities	16,317	-	-	\$ 16,317
Energy	32,549	-	-	32,549
Financial	124,272	-	-	124,272
Health care	27,542	-	-	27,542
Industrial	30,216	-	-	30,216
Information technology	146,139	-	-	146,139
	<u>461,277</u>	<u>-</u>	<u>-</u>	<u>461,277</u>
Fixed income securities				
Corporate bonds	-	416,929	-	416,929
Mutual funds				
Emerging Markets Fund	19,729	-	-	19,729
Growth Fund	84,384	-	-	84,384
Value Fund	135,762	-	-	135,762
International Fund	67,050	-	-	67,050
	<u>306,925</u>	<u>-</u>	<u>-</u>	<u>306,925</u>
Cash and cash equivalents	<u>10,910</u>	<u>-</u>	<u>-</u>	<u>10,910</u>
Total investments	<u>\$ 779,112</u>	<u>\$ 416,929</u>	<u>\$ -</u>	<u>\$ 1,196,041</u>

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
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
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>

Cash Flows

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

For the year ending December 31,	
2021	\$ 89,614
2022	87,540
2023	85,192
2024	82,401
2025	79,701
2026 through 2030	375,304

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2021.

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, 2020 and 2019

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 \$125,066 and \$128,574 were accrued as of December 31, 2020 and 2019, respectively. SPAC has a second defined contribution 403(b) plan covering substantially all full-time employees for which SPAC is not required to make contributions.

Note 8 - Net Assets With Donor Restrictions

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

	December 31,	
	2020	2019
Subject to expenditure for specific purpose:		
For use in the year ended December 31, 2021	\$ 452,783	\$ -
For new dance floor	41,702	-
For educational purposes	65,000	-
For classical performances	32,600	-
For building naming rights	100,000	-
For new construction	-	1,727,291
For Museum exhibits	12,184	12,184
	704,269	1,739,475
Subject to the passage of time:		
For periods after December 31,	60,000	635,000
Subject to the spending policy and appropriations:		
Investment to be held in perpetuity, the income from which is expendable to support classical performances	4,893,594	4,120,742
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	\$ 8,453,278	\$ 9,290,632

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 Finance and Audit Committee of the Board of Directors. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

Note 9 - Endowment - Continued

Relevant Law

The Board of Directors of SPAC has interpreted the New York State Not-For-Profit Corporation Law (NPCL) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, SPAC retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA). We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 7,689,009	\$ 7,689,009
Board-designated endowment funds	1,934,355	-	1,934,355
Total funds	\$ 1,934,355	\$ 7,689,009	\$ 9,623,364

Changes in endowment net assets:

	Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,755,245	\$ 6,916,157	\$ 8,671,402
Investment income	31,694	116,218	147,912
Net gain, realized	66,369	306,468	372,837
Fees to managers	(16,922)	(46,193)	(63,115)
Net gain, unrealized	93,804	396,359	490,163
Total investment return	174,945	772,852	947,797
Contributions	4,165	-	4,165
Endowment net assets, <i>end of year</i>	\$ 1,934,355	\$ 7,689,009	\$ 9,623,364

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

Notes to Combined Financial Statements December 31, 2020 and 2019

Note 9 - Endowment - Continued

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
	<u>\$ 1,755,245</u>	<u>\$ 6,916,157</u>	<u>\$ 8,671,402</u>

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>	<u>\$ 1,426,218</u>	<u>\$ 5,896,096</u>	<u>\$ 7,322,314</u>
Investment return			
Investment income	38,012	154,594	184,494
Net gain, realized	10,712	38,907	166,819
Fees to managers	(14,644)	(46,313)	(51,532)
Net gain, unrealized	293,347	872,873	1,166,220
Total investment return	<u>327,427</u>	<u>1,020,061</u>	<u>1,347,488</u>
Contributions	<u>1,600</u>	<u>-</u>	<u>1,600</u>
Endowment net assets, <i>end of year</i>	<u>\$ 1,755,245</u>	<u>\$ 6,916,157</u>	<u>\$ 8,671,402</u>

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, 2020 and 2019.

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 Finance and Audit 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, 2020 and 2019

Note 9 - Endowment - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 10 - In-Kind Contributions

In 2019, SPAC and the Museum received in-kind contributions of \$425,234. The majority of the in-kind gifts were related to advertising. In 2020, no in-kind contributions were received.

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.

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.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

Note 12 - Commitments and Risks - Continued

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 \$215,469 and \$212,639 at December 31, 2020 and 2019, respectively, and is reflected in accounts payable and accrued expenses on the combined statements of financial position.

d. Fair Value of Investments

Investment securities held by SPAC are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

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, 2020 and 2019:

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, 2020 and 2019

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, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 6,102,292	\$ -	\$ -	\$ 6,102,292
Fixed income securities	-	1,697,400	-	1,697,400
Mutual funds	1,443,684	-	-	1,443,684
Total investments	<u>\$ 7,545,976</u>	<u>\$ 1,697,400</u>	<u>\$ -</u>	<u>\$ 9,243,376</u>
December 31, 2019				
	Level 1	Level 2	Level 3	Total
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
Total investments	<u>\$ 6,629,303</u>	<u>\$ 1,664,417</u>	<u>\$ -</u>	<u>\$ 8,293,720</u>

Note 14 - COVID-19 Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The full extent of the impact of COVID-19 on SPAC and the Museum's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on their employees and vendors, all of which at present, cannot be determined, however has resulted in significant cancellations of concerts and fundraising events. The Museum has been closed since the Spring of 2020. Accordingly, the full extent to which COVID-19 may impact SPAC and the Museum's financial position and changes in net assets and cash flows is uncertain and the accompanying combined financial statements include no adjustments relating to the effects of this pandemic.

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

Notes to Combined Financial Statements
December 31, 2020 and 2019

Note 15 - 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. 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 ASUs 2019-10 and 2020-05, is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard 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. This ASU is effective for fiscal years ending after December 15, 2021 and must be applied on a retrospective basis. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard on their combined financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. SPAC and the Museum are currently evaluating the impact of the pending adoption of the new standard on their combined financial statements.

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

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

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,511,779	\$ 1,860,753
Accounts receivable, net	220,537	463,532
Grants receivable	1,500,000	-
Current installments of contributions receivable, net	28,333	1,468,290
Accrued interest receivable	9,089	12,844
Other current assets	43,290	80,126
Due from affiliate	235,742	249,711
Total current assets	4,548,770	4,135,256
OTHER ASSETS		
Contributions receivable, net, less current installments	60,000	20,000
Investments	9,243,376	8,293,720
Leasehold improvements and equipment, net	9,866,024	3,073,362
Insurance premiums receivable	402,671	345,453
	\$ 24,120,841	\$ 15,867,791
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 884,589	\$ 1,845,186
Construction line of credit	1,250,000	-
Accrued pension expense	125,066	128,574
Deferred revenues	1,219,402	1,492,682
Total current liabilities	3,479,057	3,466,442
LONG-TERM LIABILITIES		
Liability for postretirement benefits	57,173	45,897
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	1,934,355	1,755,245
Undesignated	10,209,162	1,321,759
	12,143,517	3,077,004
With donor restrictions	8,441,094	9,278,448
Total net assets	20,584,611	12,355,452
	\$ 24,120,841	\$ 15,867,791

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	2020 Total	2019 Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 29,678	\$ -	\$ 29,678	\$ 2,712,722
Membership revenues	2,604,557	-	2,604,557	2,215,046
Unrestricted gifts and grants	535,165	-	535,165	1,600
Restricted gifts and grants	293,722	693,752	987,474	1,668,374
Fundraising event income	71,410	-	71,410	1,091,936
Third-party venue license fees	5,045	-	5,045	1,475,149
Other operating revenues	207,203	-	207,203	985,440
Capital contributions and grants	7,001,095	-	7,001,095	1,727,291
Net assets released from restrictions	2,350,151	(2,350,151)	-	-
	<u>13,098,026</u>	<u>(1,656,399)</u>	<u>11,441,627</u>	<u>11,877,558</u>
OPERATING EXPENSES				
Performance and production	1,695,694	-	1,695,694	7,467,105
Fundraising, including event expense	653,574	-	653,574	1,292,824
Management and general	1,858,076	-	1,858,076	1,717,885
	<u>4,207,344</u>	<u>-</u>	<u>4,207,344</u>	<u>10,477,814</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>8,890,682</u>	<u>(1,656,399)</u>	<u>7,234,283</u>	<u>1,399,744</u>
NON-OPERATING REVENUES, GAINS AND LOSSES				
Investment income (expense), net	(31,421)	116,218	84,797	121,111
Realized gains on sales of investments, net	66,369	306,468	372,837	49,619
Unrealized gains on investments, net	93,804	396,359	490,163	1,166,220
Other income	58,355	-	58,355	92,548
	<u>187,107</u>	<u>819,045</u>	<u>1,006,152</u>	<u>1,429,498</u>
OTHER CHANGE IN NET ASSETS				
Net periodic income and pension related loss	(11,276)	-	(11,276)	(3,725)
CHANGE IN NET ASSETS	9,066,513	(837,354)	8,229,159	2,825,517
NET ASSETS, beginning of year	<u>3,077,004</u>	<u>9,278,448</u>	<u>12,355,452</u>	<u>9,529,935</u>
NET ASSETS, end of year	<u>\$ 12,143,517</u>	<u>\$ 8,441,094</u>	<u>\$ 20,584,611</u>	<u>\$ 12,355,452</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	2020 Total	2019 Total
OPERATING REVENUES				
Ticket sales and admissions	\$ 29,678	\$ -	\$ 29,678	\$ 2,712,722
Membership revenues	2,604,557	-	2,604,557	2,215,046
Gifts and bequests	297,887	693,752	991,639	1,669,974
Third-party venue license fees	5,045	-	5,045	1,475,149
Fundraising event income	71,410	-	71,410	1,091,936
Paychex protection program contribution	531,000	-	531,000	-
Other operating revenues	207,203	-	207,203	985,440
Net assets released from restrictions	622,860	(622,860)	-	-
Operating revenues	<u>4,369,640</u>	<u>70,892</u>	<u>4,440,532</u>	<u>10,150,267</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	161,206	-	161,206	3,947,972
Production expenses	519,568	-	519,568	1,856,026
Advertising and publicity	405,249	-	405,249	997,243
Box office	207,243	-	207,243	237,778
Other operating expenses	148,500	-	148,500	221,695
Fundraising, including event expense	653,574	-	653,574	1,292,824
Management and general	1,858,076	-	1,858,076	1,717,885
Operating expenses	<u>3,953,416</u>	<u>-</u>	<u>3,953,416</u>	<u>10,271,423</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>416,224</u>	<u>70,892</u>	<u>487,116</u>	<u>(121,156)</u>
NON-OPERATING REVENUE (EXPENSES)				
Capital contributions and grants	7,001,095	-	7,001,095	1,727,291
Depreciation	(253,928)	-	(253,928)	(206,391)
Investment income	90,049	116,218	206,267	274,616
Realized gains on sales of investments, net	66,369	306,468	372,837	49,619
Investment management fees	(63,115)	-	(63,115)	(60,957)
Other pension related losses	(11,276)	-	(11,276)	(3,725)
Unrealized gains on investments, net	93,804	396,359	490,163	1,166,220
Net assets released from restrictions	1,727,291	(1,727,291)	-	-
	<u>8,650,289</u>	<u>(908,246)</u>	<u>7,742,043</u>	<u>2,946,673</u>
CHANGE IN NET ASSETS	<u>9,066,513</u>	<u>(837,354)</u>	<u>8,229,159</u>	<u>2,825,517</u>
NET ASSETS, beginning of year	<u>3,077,004</u>	<u>9,278,448</u>	<u>12,355,452</u>	<u>9,529,935</u>
NET ASSETS, end of year	<u>\$ 12,143,517</u>	<u>\$ 8,441,094</u>	<u>\$ 20,584,611</u>	<u>\$ 12,355,452</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,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 49,762	\$ 233,769
Accounts receivable	25,000	46,250
Other current assets	26,641	23,288
Total current assets	101,403	303,307
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	460,987	525,656
	\$ 562,390	\$ 828,963
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 55,059	\$ 61,446
Deferred revenues	14,300	46,759
Due to affiliate	235,742	249,711
Total current liabilities	305,101	357,916
NET ASSETS		
Without donor restrictions	245,105	458,863
With donor restrictions	12,184	12,184
Total net assets	257,289	471,047
	\$ 562,390	\$ 828,963

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	2020 Total	2019 Total
OPERATING REVENUES AND GAINS				
Admissions	\$ 3,700	\$ -	\$ 3,700	\$ 26,132
Membership revenue	1,605	-	1,605	6,610
Unrestricted gifts and grants	11,756	-	11,756	104,047
Restricted gifts and grants	1,925	-	1,925	162,619
Fundraising event income	55,274	-	55,274	-
Other operating revenues	138,711	-	138,711	443,343
	<u>212,971</u>	<u>-</u>	<u>212,971</u>	<u>742,751</u>
OPERATING EXPENSES				
Performance and production	301,541	-	301,541	655,150
Fundraising, including event expense	4,587	-	4,587	3,182
Management and general	121,793	-	121,793	419,626
	<u>427,921</u>	<u>-</u>	<u>427,921</u>	<u>1,077,958</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(214,950)	-	(214,950)	(335,207)
NON-OPERATING REVENUES				
Interest income	1,192	-	1,192	4,292
CHANGE IN NET ASSETS	(213,758)	-	(213,758)	(330,915)
NET ASSETS, <i>beginning of year</i>	<u>458,863</u>	<u>12,184</u>	<u>471,047</u>	<u>801,962</u>
NET ASSETS, <i>end of year</i>	<u>\$ 245,105</u>	<u>\$ 12,184</u>	<u>\$ 257,289</u>	<u>\$ 471,047</u>

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

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

	Years Ended December 31,	
	2020	2019
OPERATING REVENUES		
Admissions	\$ 3,700	\$ 26,132
Service fees	73,571	428,042
Gifts and grants	13,681	266,666
Membership income	1,605	6,610
Interest income	1,192	4,292
Revenues from auxiliary activities	1,216	14,897
Fundraising event income	55,274	-
Other operating revenues	63,924	404
	<u>214,163</u>	<u>747,043</u>
OPERATING EXPENSES		
Program expenses	107,430	265,599
Costs of sales and expense of auxiliary activities	44,655	224,889
Fundraising, including event expense	4,587	3,182
Management and general	121,793	419,626
	<u>278,465</u>	<u>913,296</u>
Operating loss	(64,302)	(166,253)
NON-OPERATING EXPENSES		
Depreciation	(149,456)	(164,662)
Net loss	<u>\$ (213,758)</u>	<u>\$ (330,915)</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,	
	2020	2019
RESTAURANT		
Fees	\$ 161,235	\$ 390,476
Less related expenses	148,500	165,737
	12,735	224,739
AMPHITHEATER		
Rental fees	100	118,576
Less related expenses	-	55,958
	100	62,618
BOX OFFICE SERVICE FEES	5,676	269,454
HOUSE PROGRAM AND SOUVENIR ITEMS	-	2,196
SARATOGA JAZZ FESTIVAL	-	43,273
OTHER	40,192	161,465
	\$ 58,703	\$ 763,745

**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,	
	2020	2019
SALARIES AND WAGES		
Stage crew	\$ -	\$ 300,412
Security and parking	-	59,386
Theater staff	134,569	213,865
Payroll taxes	6,712	17,544
Fringe benefits	12,895	10,950
Other	-	8,711
	154,176	610,868
Custodial supplies	-	7,114
Educational programs	77,333	-
Electrical supplies	-	105,714
Licenses and fees	-	5,375
Maintenance	3,668	28,003
Maintenance of grounds	61,606	118,865
Musical and sound rental	-	210,561
Piano tuning	-	1,360
Utilities	60,983	62,320
Other	161,802	705,846
	\$ 519,568	\$ 1,856,026

**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.

	<u>Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and wages	\$ 172,380	\$ 357,873
Payroll taxes	17,263	25,170
Fringe benefits	33,676	31,470
Advertising and publicity	38,504	368,115
Design of advertising	12,086	8,660
Printing	14,936	31,577
Other	116,404	174,378
	<u><u>\$ 405,249</u></u>	<u><u>\$ 997,243</u></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.

	<u>Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and wages	\$ 110,072	\$ 108,737
Payroll taxes	9,421	13,893
Fringe benefits	29,570	30,316
Printing and forms	5,072	4,416
Service charges	53,008	72,902
Other	100	7,514
	<u>\$ 207,243</u>	<u>\$ 237,778</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,	
	2020	2019
Salaries and wages	\$ 1,126,146	\$ 1,028,842
Payroll taxes	93,343	81,061
Employee benefits	223,292	193,518
Accounting and legal	46,631	41,591
Bad debt expense	216,360	50,554
Custodial	3,917	10,668
Dues and subscriptions	6,033	4,611
Equipment rental	41,843	53,398
Insurance	23,864	16,933
Office supplies	6,525	12,997
Postage	4,925	13,490
Telephone	7,978	7,400
Travel and entertainment, Director	1,788	20,981
Other	55,431	181,841
	\$ 1,858,076	\$ 1,717,885