



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

Combined Financial Statements

December 31, 2021 and 2020

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C O N T E N T S

	Page
Independent Auditor's Report	1-3
Combined Financial Statements	
Combined Statements of Financial Position	4
Combined Statements of Activities	5-6
Combined Statements of Functional Expenses	7-8
Combined Statements of Cash Flows	9
Notes to Combined Financial Statements	10-27
Supplementary Information	
Saratoga Performing Arts Center, Inc.	
Statements of Financial Position	28
Statements of Activities	29
Summary of Statement of Activities Based on Internal Operating Statement	30
National Museum of Dance	
Statements of Financial Position	31
Statements of Activities	32
Summary of Statement of Activities Based on Internal Operating Statement	33
Saratoga Performing Arts Center, Inc.	
Other Operating Revenues Net of Related Expenses Based on Internal Operating Statement	34
Production Expenses Based on Internal Operating Statement	35
Advertising and Publicity Expenses Based on Internal Operating Statement	36
Box Office Expenses Based on Internal Operating Statement	37
Management and General Expenses Based on Internal Operating Statement	38



Independent Auditor's Report

Boards of Directors
Saratoga Performing Arts Center, Inc.
and National Museum of Dance
Saratoga Springs, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021 and 2020, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saratoga Performing Arts Center, Inc. and the National Museum of Dance as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Saratoga Performing Arts Center, Inc. and the National Museum of Dance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Saratoga Performing Arts Center, Inc. and the National Museum of Dance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Saratoga Performing Arts Center, Inc. and the National Museum of Dance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saratoga Performing Arts Center, Inc. and the National Museum of Dance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents 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,



Supplementary Information - Continued

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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022, on our consideration of the Saratoga Performing Arts Center, Inc. and the National Museum of Dance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant and cooperative agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saratoga Performing Arts Center, Inc. and the National Museum of Dance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
May 16 , 2022



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

Combined Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,393,481	\$ 2,561,541
Accounts receivable, net	666,911	245,537
Grants receivable	-	1,500,000
Current installments of contributions receivable, net	30,000	28,333
Accrued interest receivable	10,103	9,089
Other current assets	81,578	69,931
Total current assets	<u>10,182,073</u>	<u>4,414,431</u>
OTHER ASSETS		
Contributions receivable, net, less current installments	30,000	60,000
Investments	11,385,687	9,243,376
Leasehold improvements and equipment, net	10,030,067	10,327,011
Insurance premiums receivable	511,788	402,671
Assets for postretirement benefits	146,292	-
	<u>\$ 32,285,907</u>	<u>\$ 24,447,489</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,349,556	\$ 939,648
Construction line of credit	-	1,250,000
Accrued pension expense	148,497	125,066
Deferred revenues	3,144,170	1,233,702
Current installments of refundable advance	55,533	-
Total current liabilities	<u>4,697,756</u>	<u>3,548,416</u>
LONG-TERM LIABILITIES		
Refundable advance, less current installments	500,193	-
Liability for postretirement benefits	-	57,173
	<u>500,193</u>	<u>57,173</u>
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	2,425,821	1,934,355
Undesignated	15,271,202	10,454,267
	<u>17,697,023</u>	<u>12,388,622</u>
With donor restrictions	9,390,935	8,453,278
Total net assets	<u>27,087,958</u>	<u>20,841,900</u>
	<u>\$ 32,285,907</u>	<u>\$ 24,447,489</u>

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, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 1,237,222	\$ -	\$ 1,237,222
Membership revenues	2,934,200	-	2,934,200
Unrestricted gifts and grants	3,806,861	-	3,806,861
Restricted gifts and grants	675,179	93,210	768,389
Fundraising event income	2,805	-	2,805
Third-party venue license fees	1,141,163	-	1,141,163
Other operating revenues	779,316	-	779,316
Capital contributions and grants	-	-	-
Net assets released from restriction	697,857	(697,857)	-
	<u>11,274,603</u>	<u>(604,647)</u>	<u>10,669,956</u>
OPERATING EXPENSES			
Performance and production	4,665,728	-	4,665,728
Fundraising, including event expense	600,557	-	600,557
Management and general	1,450,384	-	1,450,384
	<u>6,716,669</u>	<u>-</u>	<u>6,716,669</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>4,557,934</u>	<u>(604,647)</u>	<u>3,953,287</u>
NON-OPERATING REVENUES, GAINS AND LOSSES			
Investment income (expense), net	(16,305)	221,740	205,435
Realized gains on sales of investments, net	110,868	398,421	509,289
Unrealized gains on investments, net	339,429	922,143	1,261,572
Other income	113,010	-	113,010
	<u>547,002</u>	<u>1,542,304</u>	<u>2,089,306</u>
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related gain	203,465	-	203,465
CHANGE IN NET ASSETS	<u>5,308,401</u>	<u>937,657</u>	<u>6,246,058</u>
NET ASSETS, beginning of year	<u>12,388,622</u>	<u>8,453,278</u>	<u>20,841,900</u>
NET ASSETS, end of year	<u><u>\$ 17,697,023</u></u>	<u><u>\$ 9,390,935</u></u>	<u><u>\$ 27,087,958</u></u>

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)	-
	<u>13,310,997</u>	<u>(1,656,399)</u>	<u>11,654,598</u>
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
	<u>4,635,265</u>	<u>-</u>	<u>4,635,265</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>8,675,732</u>	<u>(1,656,399)</u>	<u>7,019,333</u>
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
	<u>188,299</u>	<u>819,045</u>	<u>1,007,344</u>
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	(11,276)	-	(11,276)
CHANGE IN NET ASSETS	<u>8,852,755</u>	<u>(837,354)</u>	<u>8,015,401</u>
NET ASSETS, beginning of year	<u>3,535,867</u>	<u>9,290,632</u>	<u>12,826,499</u>
NET ASSETS, end of year	<u>\$ 12,388,622</u>	<u>\$ 8,453,278</u>	<u>\$ 20,841,900</u>

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, 2021			
	Performance and Production	Fundraising (Including Event Expense)	Management and General	Total
Salaries and wages	\$ 1,198,849	\$ 355,498	\$ 927,738	\$ 2,482,085
Payroll taxes	95,908	28,440	69,179	193,527
Employee benefits	159,800	105,015	152,248	417,063
Accounting and legal	-	-	64,499	64,499
Advertising and publicity	140,693	29,744	-	170,437
Bad debt expense	-	-	26,796	26,796
Custodial	4,169	-	-	4,169
Depreciation	505,393	-	-	505,393
Direct talent cost	1,486,818	-	-	1,486,818
Dues and subscriptions	-	-	5,758	5,758
Food and beverage	13,694	16,088	-	29,782
Theater lighting	55,489	-	-	55,489
Office technology and support	-	-	59,333	59,333
Exhibit costs	19,946	-	-	19,946
Insurance	106,250	571	17,778	124,599
Facilities and maintenance	339,566	-	-	339,566
Facility rental costs and commissions	119,676	-	-	119,676
Musical and sound rental	137,360	-	-	137,360
Office supplies	-	-	19,188	19,188
Other	32,067	47,316	87,707	167,090
Postage and mailing	2,386	2,386	2,387	7,159
Production costs	81,063	8,293	-	89,356
School of the Arts	-	-	-	-
Service charges	70,393	-	-	70,393
Telephone	7,206	7,206	10,048	24,460
Entertainment/travel	5,566	-	1,953	7,519
Utilities	83,436	-	5,772	89,208
	\$ 4,665,728	\$ 600,557	\$ 1,450,384	\$ 6,716,669

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
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
	<u>\$ 1,997,235</u>	<u>\$ 658,161</u>	<u>\$ 1,979,869</u>	<u>\$ 4,635,265</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,	
	2021	2020
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 6,246,058	\$ 8,015,401
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	505,393	403,384
Realized gains on sales of investments, net	(509,289)	(372,837)
Unrealized gains on investments, net	(1,261,572)	(490,163)
Bad debts	26,796	216,360
Non cash adjustment of cost basis on investment	-	(26,793)
(Increase) decrease in		
Accounts receivable	(448,170)	47,885
Grants receivable	1,500,000	(1,500,000)
Contributions receivable, net	28,333	1,399,957
Accrued interest receivable	(1,014)	3,755
Other current assets	(11,647)	33,483
Insurance premiums receivable	(109,117)	(57,218)
Increase (decrease) in		
Accounts payable and accrued expenses	409,908	(966,984)
Accrued pension expense and postretirement benefits	(180,034)	7,768
Deferred revenues	1,910,468	(305,739)
Refundable advance	555,726	-
	8,661,839	6,408,259
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(208,449)	(7,131,377)
Proceeds from sales of investments	2,224,969	2,485,735
Purchases of investments	(2,596,419)	(2,545,598)
	(579,899)	(7,191,240)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Payments on, proceeds from construction line of credit	(1,250,000)	1,250,000
Net increase in cash and cash equivalents	6,831,940	467,019
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	2,561,541	2,094,522
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 9,393,481	\$ 2,561,541

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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 (See Notes 6 and 12).

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 at both December 31, 2021 and 2020.

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

Notes to Combined Financial Statements
December 31, 2021 and 2020

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

g. Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. Contributions receivable that are expected to be collected during the next year are recorded at net realizable value. Contributions receivable expected to be collected after one year are recorded at fair value, which is measured as the present value of estimated future cash flows discounted at an adjusted risk-free rate. Amortization of the discount is reflected as contributions.

Contributions receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A contribution receivable is considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days. Management considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary at December 31, 2021 or 2020.

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, 2021 and 2020.

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.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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

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.
- 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.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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

l. Contract Revenue - Continued

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.

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 rental of the amphitheater. 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 rental of the amphitheater is recognized as the event/rental occurs.

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,		
	2021	2020	2019
Accounts receivable, net	\$ 1,800	\$ 702	\$ 69,303
Deferred revenue	219,568	257,318	259,451

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.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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

m. Contributions, Grants and Membership Dues - Continued

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

In 2021, SPAC obtained a \$4,464,908 grant from the Small Business Administration ("SBA") pursuant to the Shuttered Venue Operators Grant (SVOG) under the Economic Aid to Hard-Hit Small Business, Nonprofits and Venues Act (the Economic Aid Act). Recipients of the SVOG have eighteen months from the date of the initial award was disbursed to expend all the funds. At the end of the eighteen months, any unexpended funds must be returned to the SBA. In relation, SPAC recognized \$3,468,355 in unrestricted gifts and grants during the year ended December 31, 2021 and \$996,553 is included in deferred revenue at December 31, 2021.

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 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.

In March 2021, SPAC obtained a \$555,726 loan pursuant to the PPP under Section 311 of the Economic Aid Act which allowed the SBA to guarantee additional loans under the PPP. PPP loans under the Economic Aid Act 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, certain operating expenses and worker protection expenses.

Management intends to apply for forgiveness-in-full during 2022 and has reported the PPP loan as a refundable advance.

Refundable advance/PPP loan amounts not forgiven, if any, are unsecured, bear interest at 1%, and after consideration of allowable payment deferral periods of 24 weeks plus 10 months, are payable beginning in August 2022. Without regard to any potential forgiveness, future maturities of the refundable advance/PPP loan are estimated to be \$55,533, \$152,248, \$153,778, \$155,323 and \$38,844 for the years ending December 31, 2022, 2023, 2024, 2025 and 2026, respectively.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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

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, 2021 and 2020.

r. Adoption of New Accounting Standard

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 adopted the standard during the year ended December 31, 2021. There was no material impact on SPAC's and the Museum's results of operations or financial condition upon adoption of the new standard.

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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

s. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through May 16, 2022, the date the combined financial statements were available to be issued.

Note 2 - Liquidity and Availability

	December 31,	
	2021	2020
Total assets	\$ 32,285,907	\$ 24,447,489
Less: assets not available for general expenditures		
Cash and cash equivalents, held in endowment	(219,987)	(348,765)
Accrued interest receivable, held in endowment	(10,103)	(9,089)
Other current assets	(81,578)	(69,931)
Contribution receivable, held in endowment	-	(20,000)
Long-term portion of contribution receivable	(30,000)	(60,000)
Investments, held in endowment	(11,385,687)	(9,243,376)
Leasehold improvements and equipment, net	(10,030,067)	(10,327,011)
Insurance premiums receivable	(511,788)	(402,671)
Asset for postretirement benefits	(146,292)	-
Financial assets available for general expenditures	<u>\$ 9,870,405</u>	<u>\$ 3,966,646</u>

SPAC and the Museum have \$9,870,405 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 \$2,425,821 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 \$6,394,541 in earnings on corpus that is subject to the spending policy and can be used to support classical programming. Both SPAC and the Museum prepare annual operating budgets designed to balance revenue and expenditures at a breakeven level and carefully monitor liquidity needs through regular review of those budgets.

Note 3 - Contributions Receivable, Net

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

For the year ending December 31,	
2022	30,000
2023	<u>30,000</u>
Total contributions receivable	<u>\$ 60,000</u>

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

Notes to Combined Financial Statements December 31, 2021 and 2020

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,	
	2021	2020
Cost of constructing amphitheater	2,687,986	\$ 2,687,986
Amphitheater and facility improvements	11,038,695	11,018,695
National Museum of Dance, leasehold improvements	2,045,023	2,045,023
Dance studios	1,135,302	1,135,302
Equipment	3,563,744	3,360,309
	20,470,750	20,247,315
Less accumulated depreciation	10,440,683	9,935,292
Construction in progress	-	14,988
	<u>\$ 10,030,067</u>	<u>\$ 10,327,011</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, 2021 and 2020, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2021 and 2020. 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 was outstanding on December 31, 2020. The line matured on March 31, 2021 and was paid-in full. Interest was payable at 3.50%. This line-of-credit was 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 net assets without donor restrictions in the year in which the changes occur.

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.

Obligations and Funded Status

	December 31,	
	2021	2020
Projected benefit obligation	\$ 1,163,253	\$ 1,253,214
Fair value of plan assets	1,309,545	1,196,041
Funded status at end of year	<u>\$ 146,292</u>	<u>\$ (57,173)</u>

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

Notes to Combined Financial Statements December 31, 2021 and 2020

Note 6 - Employee Benefit Plan - Continued

Obligations and Funded Status - Continued

The funded status is recognized as another asset and a long-term liability in the statement of financial position as of December 31, 2021 and 2020, respectively.

	December 31,	
	2021	2020
Net periodic pension income	\$ (45,936)	\$ (40,030)
Benefits paid	\$ 83,922	\$ 88,892

The Plan recognized a net gain in the other change in net assets of \$203,465 during the year ended December 31, 2021. This was largely the result of the change in the value of plan assets because of differences between the actual experience and the assumptions.

SPAC made no contributions to the plan for the years ended December 31, 2021 or 2020.

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

	December 31,	
	2021	2020
Discount rate	2.39%	1.93%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2021	2020
Discount rate	1.93%	2.83%
Expected long-term return on plan assets	6.50%	6.50%
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, 2021 and 2020

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

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

	December 31,	
	2021	2020
Equity securities	62%	64%
Debt securities	35%	35%
Other	3%	1%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2021 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, 2021 and 2020 are summarized below (See Note 13 for definitions of investment classes and levels):

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Consumer goods	\$ 70,984	\$ -	\$ -	\$ 70,984
Energy	45,332	-	-	45,332
Financial	76,738	-	-	76,738
Health care	29,937	-	-	29,937
Industrial	50,553	-	-	50,553
Information technology	180,790	-	-	180,790
Real estate	13,458	-	-	13,458
International	22,542	-	-	22,542
	<u>490,334</u>	<u>-</u>	<u>-</u>	<u>490,334</u>

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

Notes to Combined Financial Statements
December 31, 2021 and 2020

Note 6 - Employee Benefit Plan - Continued

Plan Assets - Continued

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Fixed income securities				
Corporate bonds	-	451,694	-	451,694
Mutual funds				
Emerging Markets Fund	18,870	-	-	18,870
Growth Fund	89,700	-	-	89,700
Value Fund	148,512	-	-	148,512
International Fund	67,860	-	-	67,860
	<u>324,942</u>	<u>-</u>	<u>-</u>	<u>324,942</u>
Cash and cash equivalents	42,575	-	-	42,575
Total investments	<u>\$ 857,851</u>	<u>\$ 451,694</u>	<u>\$ -</u>	<u>\$ 1,309,545</u>

December 31, 2020				
	Level 1	Level 2	Level 3	Total
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
Real estate	-	-	-	-
International	-	-	-	-
	<u>461,277</u>	<u>-</u>	<u>-</u>	<u>461,277</u>
Fixed income securities				
Corporate bonds	-	416,929	-	416,929
	<u>-</u>	<u>416,929</u>	<u>-</u>	<u>416,929</u>
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	10,910	-	-	10,910
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, 2021 and 2020

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,	
2022	\$ 89,470
2023	87,142
2024	84,480
2025	81,578
2026	78,663
2027 through 2031	373,802

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2022.

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 \$148,497 and \$125,066 were accrued as of December 31, 2021 and 2020, 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,	
	2021	2020
Subject to expenditure for specific purpose:		
For use in the year ended December 31, 2021	\$ -	\$ 452,783
For new dance floor	41,702	41,702
For educational purposes	5,000	65,000
For classical performances	82,093	32,600
For building naming rights	-	100,000
For Museum exhibits	12,184	12,184
	<u>140,979</u>	<u>704,269</u>
Subject to the passage of time:		
For periods after December 31,	60,000	60,000
Subject to the spending policy and appropriations:		
Investment to be held in perpetuity, the income from which is expendable to support classical performances	6,394,541	4,893,594
Not subject to appropriation for expenditures:		
Gifts to be held in perpetuity to support classical performances	<u>2,795,415</u>	<u>2,795,415</u>
Total net assets with donor restrictions	<u>\$ 9,390,935</u>	<u>\$ 8,453,278</u>

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

Notes to Combined Financial Statements December 31, 2021 and 2020

Note 8 - Net Assets With Donor Restrictions - Continued

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.

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, 2021 and 2020, 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, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	-	\$ 9,189,956	\$ 9,189,956
Board-designated endowment funds	2,425,821	-	2,425,821
Total funds	<u>\$ 2,425,821</u>	<u>\$ 9,189,956</u>	<u>\$ 11,615,777</u>

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

Notes to Combined Financial Statements
December 31, 2021 and 2020

Note 9 - Endowment - Continued

Changes in endowment net assets:

	Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,934,355	\$ 7,689,009	\$ 9,623,364
Investment income	60,171	221,740	281,911
Net gain, realized	110,868	398,421	509,289
Fees to managers	(19,002)	(57,474)	(76,476)
Net gain, unrealized	339,429	922,143	1,261,572
Total investment return	491,466	1,484,830	1,976,296
Contributions	-	16,117	16,117
Endowment net assets, <i>end of year</i>	\$ 2,425,821	\$ 9,189,956	\$ 11,615,777

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 return			
Investment income	31,694	116,218	184,494
Net gain, realized	66,369	306,468	166,819
Fees to managers	(16,922)	(46,193)	(51,532)
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, 2021 and 2020

Note 9 - Endowment - Continued

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, 2021 and 2020.

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.

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 - Related Party Transactions

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

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

Notes to Combined Financial Statements December 31, 2021 and 2020

Note 11 - 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.

c. Escrow Account

SPAC is party to an agreement with the State of New York's Office of Parks, Recreation and Historic Preservation (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 \$146,040 and \$215,469 at December 31, 2021 and 2020, 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 12 - 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).

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

Notes to Combined Financial Statements December 31, 2021 and 2020

Note 12 - Fair Value of Financial Instruments - Continued

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, 2021 and 2020:

- 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, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 7,489,313	\$ -	\$ -	\$ 7,489,313
Fixed income securities	-	2,368,216	-	2,368,216
Mutual funds	1,528,158	-	-	1,528,158
Total investments	<u>\$ 9,017,471</u>	<u>\$ 2,368,216</u>	<u>\$ -</u>	<u>\$ 11,385,687</u>

December 31, 2020				
	Level 1	Level 2	Level 3	Total
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>

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

Notes to Combined Financial Statements December 31, 2021 and 2020

Note 13 - 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.

Note 14 - Accounting Standard 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 2020-10 and 2021-05, 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.

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

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

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,342,059	\$ 2,511,779
Accounts receivable, net	666,911	220,537
Grants receivable	-	1,500,000
Current installments of contributions receivable, net	30,000	28,333
Accrued interest receivable	10,103	9,089
Other current assets	74,995	43,290
Due from affiliate	-	235,742
Total current assets	<u>10,124,068</u>	<u>4,548,770</u>
OTHER ASSETS		
Contributions receivable, net, less current installments	30,000	60,000
Investments	11,385,687	9,243,376
Leasehold improvements and equipment, net	9,692,493	9,866,024
Insurance premiums receivable	511,788	402,671
Assets for postretirement benefits	146,292	-
	<u>\$ 31,890,328</u>	<u>\$ 24,120,841</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,340,310	\$ 884,589
Construction line of credit	-	1,250,000
Accrued pension expense	148,497	125,066
Deferred revenues	3,129,870	1,219,402
Current installements of refundable advance	55,533	-
Total current liabilities	<u>4,674,210</u>	<u>3,479,057</u>
LONG-TERM LIABILITIES		
Refundable advance, less current installements	500,193	-
Liability for postretirement benefits	-	57,173
	<u>500,193</u>	<u>57,173</u>
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	2,425,821	1,934,355
Undesignated	14,911,353	10,209,162
	<u>17,337,174</u>	<u>12,143,517</u>
With donor restrictions	9,378,751	8,441,094
Total net assets	<u>26,715,925</u>	<u>20,584,611</u>
	<u>\$ 31,890,328</u>	<u>\$ 24,120,841</u>

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	2021 Total	2020 Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 1,237,222	\$ -	\$ 1,237,222	\$ 29,678
Membership revenues	2,934,200	-	2,934,200	2,604,557
Unrestricted gifts and grants	3,511,141	-	3,511,141	535,165
Restricted gifts and grants	675,179	93,210	768,389	987,474
Fundraising event income	2,805	-	2,805	71,410
Third-party venue license fees	1,141,163	-	1,141,163	5,045
Other operating revenues	550,184	-	550,184	207,203
Capital contributions and grants	-	-	-	7,001,095
Net assets released from restrictions	697,857	(697,857)	-	-
	<u>10,749,751</u>	<u>(604,647)</u>	<u>10,145,104</u>	<u>11,441,627</u>
OPERATING EXPENSES				
Performance and production	4,351,521	-	4,351,521	1,695,694
Fundraising, including event expense	600,557	-	600,557	653,574
Management and general	1,354,402	-	1,354,402	1,858,076
	<u>6,306,480</u>	<u>-</u>	<u>6,306,480</u>	<u>4,207,344</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>4,443,271</u>	<u>(604,647)</u>	<u>3,838,624</u>	<u>7,234,283</u>
NON-OPERATING REVENUES, GAINS AND LOSSES				
Investment income (expense), net	(16,305)	221,740	205,435	84,797
Realized gains on sales of investments, net	110,868	398,421	509,289	372,837
Unrealized gains on investments, net	339,429	922,143	1,261,572	490,163
Other income	112,929	-	112,929	58,355
	<u>546,921</u>	<u>1,542,304</u>	<u>2,089,225</u>	<u>1,006,152</u>
OTHER CHANGE IN NET ASSETS				
Net periodic income and pension related gain (loss)	203,465	-	203,465	(11,276)
CHANGE IN NET ASSETS	<u>5,193,657</u>	<u>937,657</u>	<u>6,131,314</u>	<u>8,229,159</u>
NET ASSETS, beginning of year	<u>12,143,517</u>	<u>8,441,094</u>	<u>20,584,611</u>	<u>12,355,452</u>
NET ASSETS, end of year	<u>\$ 17,337,174</u>	<u>\$ 9,378,751</u>	<u>\$ 26,715,925</u>	<u>\$ 20,584,611</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	2021 Total	2020 Total
OPERATING REVENUES				
Ticket sales and admissions	\$ 1,237,222	\$ -	\$ 1,237,222	\$ 29,678
Membership revenues	2,934,200	-	2,934,200	2,604,557
Gifts and grants	4,186,320	93,210	4,279,530	991,639
Third-party venue license fees	1,141,163	-	1,141,163	5,045
Fundraising event income	2,805	-	2,805	71,410
Paychex protection program contribution	-	-	-	531,000
Other operating revenues	550,184	-	550,184	207,203
Net assets released from restrictions	697,857	(697,857)	-	-
Operating revenues	<u>10,749,751</u>	<u>(604,647)</u>	<u>10,145,104</u>	<u>4,440,532</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	1,486,818	-	1,486,818	161,206
Production expenses	1,646,312	-	1,646,312	519,568
Advertising and publicity	324,537	-	324,537	405,249
Box office	298,055	-	298,055	207,243
Other operating expenses	213,820	-	213,820	148,500
Fundraising, including event expense	600,557	-	600,557	653,574
Management and general	1,354,402	-	1,354,402	1,858,076
Operating expenses	<u>5,924,501</u>	<u>-</u>	<u>5,924,501</u>	<u>3,953,416</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>4,825,250</u>	<u>(604,647)</u>	<u>4,220,603</u>	<u>487,116</u>
NON-OPERATING REVENUE (EXPENSES)				
Capital contributions and grants	-	-	-	7,001,095
Depreciation	(381,979)	-	(381,979)	(253,928)
Investment income	173,100	221,740	394,840	206,267
Realized gains on sales of investments, net	110,868	398,421	509,289	372,837
Investment management fees	(76,476)	-	(76,476)	(63,115)
Other pension related gains (losses)	203,465	-	203,465	(11,276)
Unrealized gains on investments, net	339,429	922,143	1,261,572	490,163
	<u>368,407</u>	<u>1,542,304</u>	<u>1,910,711</u>	<u>7,742,043</u>
CHANGE IN NET ASSETS	<u>5,193,657</u>	<u>937,657</u>	<u>6,131,314</u>	<u>8,229,159</u>
NET ASSETS, beginning of year	<u>12,143,517</u>	<u>8,441,094</u>	<u>20,584,611</u>	<u>12,355,452</u>
NET ASSETS, end of year	<u>\$ 17,337,174</u>	<u>\$ 9,378,751</u>	<u>\$ 26,715,925</u>	<u>\$ 20,584,611</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,	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 51,422	\$ 49,762
Accounts receivable	-	25,000
Other current assets	6,583	26,641
Total current assets	58,005	101,403
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	337,574	460,987
	\$ 395,579	\$ 562,390
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 9,246	\$ 55,059
Deferred revenues	14,300	14,300
Due to affiliate	-	235,742
Total current liabilities	23,546	305,101
NET ASSETS		
Without donor restrictions	359,849	245,105
With donor restrictions	12,184	12,184
Total net assets	372,033	257,289
	\$ 395,579	\$ 562,390

**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	2021 Total	2020 Total
OPERATING REVENUES AND GAINS				
Admissions	\$ -	\$ -	\$ -	\$ 3,700
Membership revenue	-	-	-	1,605
Unrestricted gifts and grants	295,720	-	295,720	11,756
Restricted gifts and grants	-	-	-	1,925
Fundraising event income	-	-	-	55,274
Other operating revenues	229,132	-	229,132	138,711
	<u>524,852</u>	<u>-</u>	<u>524,852</u>	<u>212,971</u>
OPERATING EXPENSES				
Performance and production	314,207	-	314,207	301,541
Fundraising, including event expense	-	-	-	4,587
Management and general	95,982	-	95,982	121,793
	<u>410,189</u>	<u>-</u>	<u>410,189</u>	<u>427,921</u>
CHANGE IN NET ASSETS FROM OPERATIONS	114,663	-	114,663	(214,950)
NON-OPERATING REVENUES				
Interest income	81	-	81	1,192
CHANGE IN NET ASSETS	114,744	-	114,744	(213,758)
NET ASSETS, <i>beginning of year</i>	<u>245,105</u>	<u>12,184</u>	<u>257,289</u>	<u>471,047</u>
NET ASSETS, <i>end of year</i>	<u>\$ 359,849</u>	<u>\$ 12,184</u>	<u>\$ 372,033</u>	<u>\$ 257,289</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,	
	2021	2020
OPERATING REVENUES		
Admissions	\$ -	\$ 3,700
Service fees	52,679	73,571
Gifts and grants	295,720	13,681
Membership income	-	1,605
Interest income	81	1,192
Revenues from auxiliary activities	-	1,216
Fundraising event income	-	55,274
Other operating revenues	176,453	63,924
	<u>524,933</u>	<u>214,163</u>
OPERATING EXPENSES		
Program expenses	190,793	107,430
Costs of sales and expense of auxiliary activities	-	44,655
Fundraising, including event expense	-	4,587
Management and general	95,982	121,793
	<u>286,775</u>	<u>278,465</u>
Operating income (loss)	238,158	(64,302)
NON-OPERATING EXPENSES		
Depreciation	(123,414)	(149,456)
Net income (loss)	\$ 114,744	\$ (213,758)

**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,	
	2021	2020
RESTAURANT		
Fees	\$ 200,953	\$ 161,235
Less related expenses	105,936	148,500
	<u>95,017</u>	<u>12,735</u>
AMPHITHEATER		
Rental fees	226,477	100
Less related expenses	107,884	-
	<u>118,593</u>	<u>100</u>
BOX OFFICE SERVICE FEES	<u>5,793</u>	<u>5,676</u>
SARATOGA JAZZ FESTIVAL	<u>13,516</u>	<u>-</u>
OTHER	<u>103,445</u>	<u>40,192</u>
	<u>\$ 336,364</u>	<u>\$ 58,703</u>

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

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

	<u>Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
SALARIES AND WAGES		
Stage crew	\$ 80,909	\$ -
Security and parking	70,822	-
Theater staff	722,948	89,289
Payroll taxes	69,974	6,712
Fringe benefits	98,397	12,895
	<u>1,043,050</u>	<u>108,896</u>
OTHER		
Custodial supplies	4,018	-
Educational programs	-	77,333
Production manager	81,063	45,280
Maintenance	46,898	3,668
Maintenance of grounds	86,378	61,606
Lighting, sound and video	192,849	-
Utilities	71,066	60,983
Other	120,990	161,802
	<u>603,262</u>	<u>410,672</u>
	<u>\$ 1,646,312</u>	<u>\$ 519,568</u>

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

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

	Years Ended December 31,	
	2021	2020
Salaries and wages	\$ 149,580	\$ 172,380
Payroll taxes	11,966	17,263
Fringe benefits	22,298	33,676
Advertising and publicity	91,001	38,504
Design of advertising	13,774	12,086
Printing	15,531	14,936
Other	20,387	116,404
	<u>\$ 324,537</u>	<u>\$ 405,249</u>

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

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

	Years Ended December 31,	
	2021	2020
Salaries and wages	\$ 174,590	\$ 110,072
Payroll taxes	13,967	9,421
Fringe benefits	39,105	29,570
Printing and forms	-	5,072
Service charges	70,393	53,008
Other	-	100
	<u>\$ 298,055</u>	<u>\$ 207,243</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,	
	2021	2020
Salaries and wages	\$ 892,797	\$ 1,126,146
Payroll taxes	67,598	93,343
Employee benefits	145,698	223,292
Accounting and legal	64,499	46,631
Bad debt expense	1,796	216,360
Custodial	-	3,917
Dues and subscriptions	3,861	6,033
Office technology and support	47,102	41,843
Insurance	15,463	23,864
Office supplies	12,249	7,332
Other	83,179	50,654
Postage	2,387	3,712
Telephone	10,048	7,978
Entertainment/travel	1,953	1,788
Utilities	5,772	5,183
	<u>\$ 1,354,402</u>	<u>\$ 1,858,076</u>



Single Audit Reports

Year Ended December 31, 2021

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

Single Audit Reports

Year Ended December 31, 2021

C O N T E N T S

	Page
Schedule of Expenditures of Federal Awards.....	1
Notes to Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	5-7
Schedule of Findings and Questioned Costs.....	8-9

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

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/ Passthrough Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
U.S Small Business Administration Shuttered Venue Operators Grant	59.075	n/a	-	\$ 3,468,355

See accompanying Notes to Schedule of Expenditures of Federal Awards, Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

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

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The purpose of the Schedule is to present a summary of those activities of the Saratoga Performing Arts Center, Inc. (SPAC) and National Museum of Dance (Museum) funded by the federal government or pass-through entities for the year ended December 31, 2021, using the accrual basis of accounting. For purposes of this Schedule, federal awards include assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans and loan guarantees, and other noncash assistance. Negative amounts, if any, on the Schedule represent adjustments made to prior year expenditures in the normal course of business.

b. Relationship to Combined financial statements

Federal award revenues are reported in SPAC and the Museum's combined financial statements as unrestricted gifts and grants. SPAC and the Museum's combined financial statements are presented using the accrual basis. The Schedule presents only a selected portion of the activities of SPAC and the Museum. It is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of SPAC and the Museum.

c. Direct and Indirect Costs

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and in accordance with OMB A-122, *Cost Principles for Non-Profit Organizations and the Uniform Guidance*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

SPAC and the Museum have not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Noncash Assistance

There were no federal awards expended in the form of noncash assistance by SPAC and the Museum during the year ended December 31, 2021.



**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With Government Auditing Standards**

Board of Directors
Saratoga Performing Arts Center, Inc. and National Museum of Dance
Saratoga Springs, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Saratoga Performing Arts Center, Inc. (SPAC) and National Museum of Dance (Museum), which comprise SPAC and the Museum's combined statement of financial position as of December 31, 2021, the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, the financial statements), and have issued our report thereon dated May 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SPAC and the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SPAC and the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of SPAC and the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SPAC and the Museum's financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant and cooperative agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST+Co.CPAs, LLP

Albany, New York
May 16, 2022





**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance**

Board of Directors
Saratoga Performing Arts Center, Inc. and National Museum of Dance
Saratoga Springs, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Saratoga Performing Arts Center, Inc. (SPAC) and National Museum of Dance (Museum) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on SPAC and the Museum's major federal program for the year ended December 31, 2021. SPAC and the Museum's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SPAC and the Museum complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SPAC and the Museum and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of SPAC and the Museum's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SPAC and the Museum's federal program.

Report on Compliance for Each Major Federal Program - Continued

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SPAC and the Museum's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SPAC and the Museum's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SPAC and the Museum's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SPAC and the Museum's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SPAC and the Museum's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Report on Internal Control Over Compliance - Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of SPAC and the Museum as of and for the year ended December 31, 2021 and have issued our report thereon dated May 16, 2022, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

BST+Co. CPAs, LLP

Albany, New York
May 16, 2022



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

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- | | | |
|---|-----------------------|--------------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Federal Awards

Internal control over major federal programs:

- | | | |
|---|-----------------------|--------------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

<u> </u> Yes	<u> X </u> No
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Identification of major federal programs:

Assistance Listing Number(s)

59.075

Name of Federal Program or Cluster

Shuttered Venue Operators Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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**Saratoga Performing Arts Center, Inc.
and National Museum of Dance**

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section II - Financial statements Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.