



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

Combined Financial Statements

December 31, 2023 and 2022

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

Combined Financial Statements

December 31, 2023 and 2022

CONTENTS

	Page
Independent Auditor's Report	1-2
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities	4-5
Combined Statements of Functional Expenses.....	6-7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9-27
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



Independent Auditor's Report

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

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, 2023 and 2022, 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, 2023 and 2022, 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). 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with GAAS, 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

BST+Co.CPAs, LLP

Latham, New York
March 7, 2024



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

Combined Statements of Financial Position

	December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,457,289	\$ 8,292,888
Accounts receivable, less allowance 2023: \$31,964; 2022: \$19,552	1,207,103	1,313,469
Grants receivable	-	195,000
Contributions receivable, net	-	40,000
Accrued interest receivable	61,831	7,246
Other current assets	120,961	111,300
Total current assets	8,847,184	9,959,903
OTHER ASSETS		
Investments	12,485,613	9,735,600
Right of use asset for operating leases, net	395,755	429,376
Leasehold improvements and equipment, net	10,251,756	10,380,786
Insurance premiums receivable	499,521	401,389
Assets for postretirement benefits	105,263	103,093
	\$ 32,585,092	\$ 31,010,147
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,456,534	\$ 2,178,541
Accrued pension expense	140,912	150,000
Deferred revenues	2,592,583	2,499,176
Current installments of operating lease liabilities	140,708	130,086
Total current liabilities	5,330,737	4,957,803
LONG-TERM LIABILITIES, less current installments		
Operating lease liabilities	252,215	299,290
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	3,420,609	2,036,542
Undesignated	13,670,245	14,816,874
	17,090,854	16,853,416
With donor restrictions	9,911,286	8,899,638
Total net assets	27,002,140	25,753,054
	\$ 32,585,092	\$ 31,010,147

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, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 3,639,122	\$ -	\$ 3,639,122
Membership revenues	4,311,141	-	4,311,141
Restricted gifts and grants	1,324,731	279,574	1,604,305
Fundraising event income	62,305	-	62,305
Third-party venue license fees	1,803,388	-	1,803,388
Other operating revenues	1,540,331	-	1,540,331
Net assets released from restriction	<u>592,670</u>	<u>(592,670)</u>	<u>-</u>
	<u>13,273,688</u>	<u>(313,096)</u>	<u>12,960,592</u>
OPERATING EXPENSES			
Performance and production	10,572,344	-	10,572,344
Fundraising, including event expense	1,134,607	-	1,134,607
Management and general	<u>2,092,285</u>	<u>-</u>	<u>2,092,285</u>
	<u>13,799,236</u>	<u>-</u>	<u>13,799,236</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(525,548)</u>	<u>(313,096)</u>	<u>(838,644)</u>
NON-OPERATING GAINS AND LOSSES			
Investment income (expense), net	(19,049)	162,744	143,695
Realized gains on sales of investments, net	484,639	1,627,993	2,112,632
Unrealized losses on investments, net	(139,193)	(465,993)	(605,186)
Other interest income and gains	<u>438,582</u>	<u>-</u>	<u>438,582</u>
	<u>764,979</u>	<u>1,324,744</u>	<u>2,089,723</u>
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	<u>(1,993)</u>	<u>-</u>	<u>(1,993)</u>
CHANGE IN NET ASSETS	237,438	1,011,648	1,249,086
NET ASSETS, <i>beginning of year</i>	<u>16,853,416</u>	<u>8,899,638</u>	<u>25,753,054</u>
NET ASSETS, <i>end of year</i>	<u>\$ 17,090,854</u>	<u>\$ 9,911,286</u>	<u>\$ 27,002,140</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, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND GAINS			
Ticket sales and admissions	\$ 2,840,761	\$ -	\$ 2,840,761
Membership revenues	3,194,117	-	3,194,117
Unrestricted gifts and grants	1,799,044	-	1,799,044
Restricted gifts and grants	765,371	518,344	1,283,715
Fundraising event income	56,210	-	56,210
Third-party venue license fees	1,639,842	-	1,639,842
Other operating revenues	1,458,915	-	1,458,915
Net assets released from restriction	160,509	(160,509)	-
	<u>11,914,769</u>	<u>357,835</u>	<u>12,272,604</u>
OPERATING EXPENSES			
Performance and production	9,463,148	-	9,463,148
Fundraising, including event expense	799,194	-	799,194
Management and general	1,921,560	-	1,921,560
	<u>12,183,902</u>	<u>-</u>	<u>12,183,902</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(269,133)</u>	<u>357,835</u>	<u>88,702</u>
NON-OPERATING GAINS AND LOSSES			
Investment income (expense), net	(20,480)	174,877	154,397
Realized gains on sales of investments, net	67,771	200,781	268,552
Unrealized losses on investments, net	(490,244)	(1,224,790)	(1,715,034)
Other losses	(58,542)	-	(58,542)
Loss from disposal of leasehold improvements and equipment, net	(29,780)	-	(29,780)
	<u>(531,275)</u>	<u>(849,132)</u>	<u>(1,380,407)</u>
OTHER CHANGE IN NET ASSETS			
Net periodic income and pension related loss	(43,199)	-	(43,199)
CHANGE IN NET ASSETS	<u>(843,607)</u>	<u>(491,297)</u>	<u>(1,334,904)</u>
NET ASSETS, <i>beginning of year</i>	<u>17,697,023</u>	<u>9,390,935</u>	<u>27,087,958</u>
NET ASSETS, <i>end of year</i>	<u>\$ 16,853,416</u>	<u>\$ 8,899,638</u>	<u>\$ 25,753,054</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, 2023			
	Performance and Production	Fundraising (Including Event Expense)	Management and General	Total
Salaries and wages	\$ 2,018,785	\$ 604,993	\$ 1,410,548	\$ 4,034,326
Payroll taxes	159,484	47,794	111,434	318,712
Employee benefits	190,219	107,810	168,419	466,448
Accounting and legal	-	-	76,457	76,457
Advertising and publicity	667,161	25,342	-	692,503
Credit losses	-	-	42,810	42,810
Custodial	3,983	-	-	3,983
Depreciation	631,579	-	-	631,579
Direct talent cost	5,469,576	-	-	5,469,576
Dues and subscriptions	-	-	4,424	4,424
Food and beverage	87,811	223,635	-	311,446
Theater lighting	89,760	-	-	89,760
Office technology and support	38,551	19,276	38,551	96,378
Insurance	129,382	14,029	27,053	170,464
Facilities and maintenance	287,550	-	-	287,550
Facility rental costs and commissions	56,569	-	-	56,569
Musical and sound rental	281,626	-	-	281,626
Office supplies	-	-	15,212	15,212
Other	-	15,386	141,370	156,756
Payroll and HR services	36,038	11,262	27,779	75,079
Postage and mailing	3,748	3,748	3,748	11,244
Production costs	125,000	57,023	-	182,023
Service charges	155,555	-	-	155,555
Strategic planning consulting	-	-	8,750	8,750
Telephone	4,309	4,309	4,310	12,928
Entertainment/travel	41,708	-	6,222	47,930
Utilities	93,950	-	5,198	99,148
	\$ 10,572,344	\$ 1,134,607	\$ 2,092,285	\$ 13,799,236

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

Combined Statements of Functional Expenses

	Year Ended December 31, 2022			Total
	Performance and Production	Fundraising (Including Event Expense)	Management and General	
Salaries and wages	\$ 1,519,827	\$ 385,192	\$ 1,216,788	\$ 3,121,807
Payroll taxes	120,066	30,430	96,127	246,623
Employee benefits	158,960	108,486	174,107	441,553
Accounting and legal	-	-	81,416	81,416
Advertising and publicity	693,688	16,120	-	709,808
Bad debt expense	-	-	19,353	19,353
Custodial	2,314	-	-	2,314
Depreciation	743,531	-	-	743,531
Direct talent cost	4,736,344	-	-	4,736,344
Dues and subscriptions	-	-	3,949	3,949
Food and beverage	9,539	144,632	-	154,171
Theater lighting	131,734	-	-	131,734
Office technology and support	35,447	17,723	35,447	88,617
Exhibit costs	115	-	-	115
Insurance	136,949	2,781	29,313	169,043
Facilities and maintenance	396,755	-	-	396,755
Facility rental costs and commissions	47,484	-	-	47,484
Musical and sound rental	287,304	-	-	287,304
Office supplies	-	-	23,155	23,155
Other	-	33,362	118,924	152,286
Payroll and HR services	49,610	12,403	41,342	103,355
Postage and mailing	3,767	3,767	3,768	11,302
Production costs	100,250	6,746	-	106,996
Service charges	149,869	-	-	149,869
Strategic planning consulting	-	29,688	59,374	89,062
Telephone	7,864	7,864	7,863	23,591
Entertainment/travel	8,113	-	1,416	9,529
Utilities	123,618	-	9,218	132,836
	\$ 9,463,148	\$ 799,194	\$ 1,921,560	\$ 12,183,902

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,	
	2023	2022
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 1,249,086	\$ (1,334,904)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	631,579	743,531
Realized gains on sales of investments, net	(2,112,632)	(268,552)
Unrealized losses on investments, net	605,186	1,715,034
Provision for credit losses and bad debts	42,810	19,353
Loss from disposal of leasehold improvements and equipment, net	-	29,780
Adjustment to right of use asset for operating lease	136,675	128,317
Accretion of lease liability	7,357	6,683
(Increase) decrease in		
Accounts receivable	63,556	(630,422)
Grants receivable	195,000	(195,000)
Contributions receivable, net	40,000	20,000
Accrued interest receivable	(54,585)	2,857
Other current assets	(9,661)	(29,722)
Insurance premiums receivable	(98,132)	110,399
Assets for postretirement benefits and accrued pension expense	(11,258)	44,702
Increase (decrease) in		
Accounts payable and accrued expenses	277,993	585,998
Deferred revenues	93,407	(437,496)
Refundable advance	-	(555,726)
Operating lease liabilities for cash paid	(146,864)	(135,000)
	909,517	(180,168)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of leaseholds and equipment	(502,549)	(1,124,030)
Proceeds from sales of investments	10,948,938	2,325,037
Purchases of investments	(12,191,505)	(2,121,432)
	(1,745,116)	(920,425)
Net decrease in cash and cash equivalents	(835,599)	(1,100,593)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	8,292,888	9,393,481
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 7,457,289	\$ 8,292,888
SUPPLEMENTARY CASH FLOW INFORMATION		
Right of use asset obtained in exchange for new operating lease liability	\$ 103,054	\$ -

See accompanying Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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 museum building is temporarily closed due to structural issues. 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 5 and 11).

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 uncollectable accounts based on a review of all outstanding amounts performed on a monthly basis. 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.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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

g. Allowance for Credit Losses and Doubtful Accounts

Effective January 1, 2023, SPAC adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments--Credit Losses*, using the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, grants receivable, contract assets and noncurrent receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis.

The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses as of December 31, 2023, and change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Prior to adoption of ASC 326, SPAC maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of December 31, 2022, was not material to the financial statements.

h. 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, 2023 or 2022.

i. 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.

j. Leasehold Improvements and Equipment, Net

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

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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

j. Leasehold Improvements and Equipment, Net - Continued

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, 2023 and 2022.

k. 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.

l. Leases

SPAC determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. SPAC also considers whether its service arrangements include the right to control the use of an asset.

SPAC recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

SPAC made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, *Leases*). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, SPAC made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

m. Net Assets

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

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

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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

m. Net Assets - Continued

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

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

n. Contract Revenue

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

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

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

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

SPAC has an agreement with a third party which grants the exclusive right and license to book, co-promote, co-produce, and co-present all Touring and Professional (T&P) events at SPAC through September 2039. In consideration of a guaranteed fee, referred to as venue license fees on the combined statements of activities, paid to SPAC each year, plus a percentage based on attendance, the third party is entitled to all revenues derived from, relating to, or otherwise generated by the presentation of T&P events presented at SPAC. In addition, the third party bears all the financial risk associated with the promotion, production, and presentation of each T&P event. SPAC's performance obligations with respect to event-related revenues from the venue license fees from the third-party promoter are satisfied at the point in time when the related event occurs.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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

n. Contract Revenue - Continued

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

Other operating revenue mainly includes restaurant revenue, box office fees and revenue from the 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,		
	2023	2022	2021
Accounts receivable, net	\$ 870,444	\$ 1,286,395	\$ 469,905
Deferred revenue	939,213	350,527	243,453

o. Contributions, Grants and Membership Dues

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

Membership revenue is recognized throughout of the membership period which is from October 1st to September 30th. Membership revenue received in advance of the period in which it applies is recorded as deferred revenue.

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 \$996,553 and \$3,468,355 in unrestricted gifts and grants during the years ended December 31, 2022 and 2021, respectively.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

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

o. Contributions, Grants and Membership Dues - Continued

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 applied for forgiveness-in-full and, in June 2022, 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, 2022.

p. 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.

q. 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.

r. Advertising and Publicity

Advertising and publicity costs are expensed as incurred.

s. 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, 2023 and 2022.

t. Subsequent Events

SPAC and the Museum have evaluated subsequent events for potential recognition or disclosure through March 7, 2024, the date the combined financial statements were available to be issued.

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

Notes to Combined Financial Statements
December 31, 2023 and 2022

Note 2 - Liquidity and Availability

	December 31,	
	2023	2022
Total assets	\$ 32,585,092	\$ 31,010,147
Less: assets not available for general expenditures		
Cash and cash equivalents, held in endowment	(515,154)	(594,449)
Accrued interest receivable, held in endowment	-	(7,246)
Other current assets	(120,961)	(111,300)
Investments, held in endowment	(12,485,613)	(9,735,600)
Right of use asset, operating	(395,755)	(429,376)
Leasehold improvements and equipment, net	(10,251,756)	(10,380,786)
Insurance premiums receivable	(499,521)	(401,389)
Asset for postretirement benefits	(105,263)	(103,093)
Financial assets available for general expenditures	\$ 8,211,069	\$ 9,246,908

SPAC and the Museum have \$8,211,069 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 4). Endowment funds include \$3,420,609 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 \$6,784,743 in earnings on corpus that is subject to the spending policy and can be used to support classical programming. SPAC prepares annual operating budgets designed to balance revenue and expenditures at a breakeven level and carefully monitors liquidity needs through regular review of those budgets.

Note 3 - Leasehold Improvements and Equipment, Net

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

	December 31,	
	2023	2022
Cost of constructing amphitheater	\$ 2,687,986	\$ 2,687,986
Amphitheater and facility improvements	10,845,497	10,889,137
National Museum of Dance, leasehold improvements	2,045,023	2,045,023
Dance studios	1,135,302	1,135,302
Equipment	4,167,392	3,905,592
	20,881,200	20,663,040
Less accumulated depreciation	10,629,444	10,282,254
	\$ 10,251,756	\$ 10,380,786

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 4 - Line-of-Credit

SPAC has a line-of-credit with Adirondack Trust Company for \$500,000, under which SPAC may borrow at the prime rate minus .38% (8.12% and 7.12% at December 31, 2023 and 2022, respectively), which is due on demand. There were no amounts outstanding at both December 31, 2023 and 2022. This line-of-credit is secured by investments.

Note 5 - 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,	
	2023	2022
Projected benefit obligation	\$ 837,531	\$ 993,679
Fair value of plan assets	942,794	1,096,772
Funded status at end of year	\$ 105,263	\$ 103,093

The funded status is recognized as an other asset in the statement of financial position as of December 31, 2023 and 2022, respectively.

	December 31,	
	2023	2022
Net periodic pension income	\$ (4,163)	\$ (55,480)
Benefits paid	\$ 271,030	\$ 83,922

The Plan recognized a net gain in the other change in net assets of \$2,170 during the year ended December 31, 2023. This was largely the result of a change in demographics.

SPAC made no contributions to the plan for the years ended December 31, 2023 or 2022.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 5 - Employee Benefit Plan - Continued

Obligations and Funded Status - Continued

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

	December 31,	
	2023	2022
Discount rate	4.65%	4.85%
Rate of compensation increase	N/A	N/A

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

	December 31,	
	2023	2022
Discount rate	4.85%	2.93%
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.

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

	December 31,	
	2023	2022
Equity securities	64%	58%
Debt securities	35%	38%
Other	1%	4%
Total	100%	100%

SPAC's target asset allocation by asset category at December 31, 2023 was 45% - 85% equity securities, 25% - 45% debt securities, and 0% - 10% other.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 5 - Employee Benefit Plan - Continued

Plan Assets - Continued

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, 2023 and 2022 are summarized below (See Note 11 for definitions of investment classes and levels):

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks				
Consumer goods	\$ 34,680	\$ -	\$ -	\$ 34,680
Energy	4,626	-	-	4,626
Financial	32,459	-	-	32,459
Health care	61,998	-	-	61,998
Industrial	21,867	-	-	21,867
Information technology	78,778	-	-	78,778
Real estate	4,722	-	-	4,722
Other	38,351	-	-	38,351
Fixed income securities				
Corporate bonds	-	-	-	-
Mutual funds				
Emerging Markets Fund	15,376	-	-	15,376
Fixed income	324,670	-	-	324,670
Growth Fund	-	-	-	-
Blend Fund	213,242	-	-	213,242
Value Fund	13,331	-	-	13,331
International Fund	84,930	-	-	84,930
Cash and cash equivalents	13,764	-	-	13,764
Total investments	<u>\$ 942,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,794</u>

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

Notes to Combined Financial Statements
December 31, 2023 and 2022

Note 5 - Employee Benefit Plan - Continued

Plan Assets - Continued

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks				
Consumer goods	\$ 85,517	\$ -	\$ -	\$ 85,517
Energy	16,515	-	-	16,515
Financial	71,526	-	-	71,526
Health care	-	-	-	-
Industrial	65,103	-	-	65,103
Information technology	104,157	-	-	104,157
Real estate	-	-	-	-
Other	37,230	-	-	37,230
Fixed income securities				
Corporate bonds	-	412,497	-	412,497
Mutual funds				
Emerging Markets Fund	14,305	-	-	14,305
Fixed income	-	-	-	14,305
Growth Fund	65,352	-	-	65,352
Blend Fund	-	-	-	65,352
Value Fund	131,886	-	-	131,886
International Fund	50,220	-	-	50,220
Cash and cash equivalents	42,464	-	-	42,464
Total investments	<u>\$ 684,275</u>	<u>\$ 412,497</u>	<u>\$ -</u>	<u>\$ 1,096,772</u>

Cash Flows

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

For the year ending December 31,	
2024	83,290
2025	80,350
2026	77,275
2027	75,802
2028	77,674
2029 through 2033	333,297

SPAC is not expecting to make any contributions to the plan for the year ending December 31, 2024.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 6 - 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 \$140,912 and \$150,000 were accrued as of December 31, 2023 and 2022, 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 7 - Net Assets With Donor Restrictions

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

	December 31,	
	2023	2022
Subject to expenditure for specific purpose:		
For use in the year ended December 31, 2024	\$ 150,000	\$ 440,000
For new dance floor	41,701	41,701
For educational purposes	80,243	-
For classical performances	47,000	75,000
For Museum exhibits	12,184	12,184
	331,128	568,885
Subject to the passage of time:		
For periods after December 31,	-	30,000
Subject to the spending policy and appropriations:		
Investment to be held in perpetuity, the income from which is expendable to support classical performances	6,784,743	5,505,338
Not subject to appropriation for expenditures:		
Gifts to be held in perpetuity to support classical performances	2,795,415	2,795,415
Total net assets with donor restrictions	\$ 9,911,286	\$ 8,899,638

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 8 - 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.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 8 - Endowment - Continued

Relevant Law - Continued

At December 31, 2023 and 2022, 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, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 9,580,158	\$ 9,580,158
Board-designated endowment funds	3,420,609	-	3,420,609
Total funds	<u>\$ 3,420,609</u>	<u>\$ 9,580,158</u>	<u>\$ 13,000,767</u>

Changes in Endowment Net Assets:

	Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	<u>\$ 2,036,542</u>	<u>\$ 8,300,753</u>	<u>\$ 10,337,295</u>
Investment income	55,666	162,744	218,410
Net gain, realized	484,639	1,627,993	2,112,632
Fees to managers	(17,045)	(57,670)	(74,715)
Net loss, unrealized	(139,193)	(465,993)	(605,186)
Total investment return	<u>384,067</u>	<u>1,267,074</u>	<u>1,651,141</u>
Contributions	<u>1,000,000</u>	<u>12,331</u>	<u>1,012,331</u>
Endowment net assets, <i>end of year</i>	<u>\$ 3,420,609</u>	<u>\$ 9,580,158</u>	<u>\$ 13,000,767</u>

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 8 - Endowment - Continued

Endowment Net Asset Composition by Type of Fund:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,300,753	\$ 8,300,753
Board-designated endowment funds	2,036,542	-	2,036,542
 Total funds	 \$ 2,036,542	 \$ 8,300,753	 \$ 10,337,295

Changes in Endowment Net Assets:

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 2,425,821	\$ 9,189,956	\$ 11,615,777
Investment return			
Investment income	52,174	174,877	227,051
Net gain, realized	67,771	200,781	268,552
Fees to managers	(19,239)	(53,415)	(72,654)
Net gain, unrealized	(490,244)	(1,224,790)	(1,715,034)
Total investment return	(389,538)	(902,547)	(1,292,085)
Contributions	259	13,344	13,603
Endowment net assets, <i>end of year</i>	\$ 2,036,542	\$ 8,300,753	\$ 10,337,295

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, 2023 and 2022.

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.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 8 - Endowment - Continued

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 9 - Related Party Transactions

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

Note 10 - 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 requires no exchange of consideration and expires February 28, 2069.

c. Operating Leases and Escrow Account

SPAC is party to two agreements with the State of New York's Office of Parks, Recreation and Historic Preservation (OPRHP), one 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 Hall of Springs 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.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 10 - Commitments and Risks - Continued

c. Operating Leases and Escrow Account - Continue

Pursuant to the Hall of Springs agreement, SPAC is required to deposit 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 \$221,899 and \$186,434 at December 31, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses on the combined statements of financial position.

The second agreement grants SPAC a license to use a portion of the Washington Bathhouse campus for the purpose of housing its School of the Arts Program through 2028, with a five year renewal option. Under the Washington Bathhouse agreement, SPAC is required to remit \$11,862 on an annual basis for the initial term, and \$12,218 if renewed.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense, which is included in facilities and maintenance in the statement of functional expenses, are as follows for the years ended:

	December 31,	
	2023	2022
Operating lease cost	\$ 144,030	\$ 135,000
Variable lease cost	60,055	87,168
	\$ 204,085	\$ 222,168

As of December 31, 2023 and 2022, the weighted-average remaining lease term was 3.92 and 3.25 years, respectively, and the weighted-average discount rate was 1.93% and 1.37%, respectively.

Future undiscounted cash flows for the next five years and thereafter and a reconciliation to the operating lease liability recognized on the balance sheet are as follows as of December 31, 2023:

Years ending December 31,	
2024	146,862
2025	146,862
2026	45,612
2027	11,862
2028	12,218
Thereafter	48,872
Total lease payments	\$ 412,288
Less imputed interest	(19,365)
Total present value of operating lease liability	392,923
Current installments of operating lease liability	140,708
Long-term portion of operating lease liability	\$ 252,215

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 10 - Commitments and Risks - Continued

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 11 - Fair Value of Financial Instruments

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023 and 2022:

- Common Stocks and US Treasury Obligations : Valued at the quoted closing price reported in the active market in which the individual security is traded.
- Mutual Funds: Valued at the daily 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.

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 11 - Fair Value of Financial Instruments - Continued

- Alternative Investments: Valued based upon the shares of the fund held by SPAC at year end multiplied by the respective share value. As a practical expedient, the alternative investments do not have a readily determined fair value and are valued at NAV provided by the fund manager. The NAV for each class of shares is determined by dividing the value of total assets attributable to the class minus liabilities attributable to the class by the total number of commons shares outstanding of the class. The NAV is not a publicly quoted price in an active market and is computed in accordance with investment company measurement principles.
 - *Private Credit Fund*: The share value is calculated based on the fair value of the underlying investments, using quoted market prices, market value of comparable companies, discounted cash flows, realizable value of any collateral, and other estimates.
 - *Real Estate Income Trust*: The asset value based on the fair value of the underlying real estate based on in part on values provided by third party independent appraisers and reviewed by the fund's independent valuation advisor. investments, using quoted market prices, market value of comparable companies, discounted cash flows, realizable value of any collateral, and other estimates.
 - *Private Equity Fund*: The share value is calculated based on the fair value of the underlying investments, using quoted market prices, market value of comparable companies, discounted cash flows, realizable value of any collateral, and other estimates.

A summary of assets measured at fair value on a recurring basis are summarized below:

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 4,397,610	\$ -	\$ -	\$ 4,397,610
Fixed income securities	-	1,122,654	-	1,122,654
US Treasury notes	1,053,492	-	-	1,053,492
Mutual funds	5,193,835	-	-	5,193,835
Total investments in the fair value hierarchy	<u>\$ 9,591,445</u>	<u>\$ 1,122,654</u>	<u>\$ -</u>	11,767,591
Investment measured at NAV (a)				
Alternative investments				
Private credit Fund				262,728
Real estate income trust				242,941
Private equity fund				212,353
				<u>\$ 12,485,613</u>

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

Notes to Combined Financial Statements December 31, 2023 and 2022

Note 11 - Fair Value of Financial Instruments - Continued

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Common stocks	\$ 6,513,073	\$ -	\$ -	\$ 6,513,073
Fixed income securities	-	2,086,651	-	2,086,651
US Treasury Notes	100,000	-	-	100,000
Mutual funds	835,876	-	-	835,876
Total investments in the fair value hierarchy	<u>\$ 7,348,949</u>	<u>\$ 2,186,651</u>	<u>\$ -</u>	9,535,600
Investment measured at NAV (a)				
Alternative investment				
Private credit Fund				-
Real estate income trust				-
Private equity fund				200,000
				<u>\$ 9,735,600</u>

(a) Certain investments that were measured at net asset value per share (or its equivalent) have not been included in the fair value hierarchy. The fair value presented in these tables are intended to permit reconciliation of the fair value hierarchy of the line items presented on the statement of financial position.

The following table summarizes the liquidity factors of investments measured at fair value based on NAV per share including redemption frequency, availability, and notice period at December 31, 2023.

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Notice Period
Private Equity Fund	\$ 262,728	n/a	Quarterly	n/a
Real Estate Income Trust	242,941	n/a	Monthly	2 days
Private Equity Fund	212,353	n/a	Quarterly	n/a
	<u>\$ 718,022</u>			

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

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

ASSETS	December 31,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,412,961	\$ 8,247,816
Accounts receivable, less allowance 2023: \$31,964; 2022: \$19,552	1,207,103	1,313,469
Grants receivable	-	195,000
Contributions receivable, net	-	40,000
Accrued interest receivable	61,831	7,246
Other current assets	114,378	104,717
Total current assets	8,796,273	9,908,248
OTHER ASSETS		
Investments	12,485,613	9,735,600
Right of use asset for operating leases, net	395,755	429,376
Leasehold improvements and equipment, net	10,204,982	10,311,895
Insurance premiums receivable	499,521	401,389
Assets for postretirement benefits	105,263	103,093
	\$ 32,487,407	\$ 30,889,601
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,456,534	\$ 2,178,457
Accrued pension expense	140,912	150,000
Deferred revenues	2,578,281	2,484,876
Current installments of operating lease liabilities	140,708	130,086
Total current liabilities	5,316,435	4,943,419
LONG-TERM LIABILITIES, less current installments		
Operating lease liabilities	252,215	299,290
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Board designated	3,420,609	2,036,542
Undesignated	13,599,046	14,722,896
	17,019,655	16,759,438
With donor restrictions	9,899,102	8,887,454
Total net assets	26,918,757	25,646,892
	\$ 32,487,407	\$ 30,889,601

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	2023 Total	2022 Total
OPERATING REVENUES AND GAINS				
Ticket sales and admissions	\$ 3,639,122	\$ -	\$ 3,639,122	\$ 2,840,761
Membership revenues	4,311,141	-	4,311,141	3,194,117
Unrestricted gifts and grants	-	-	-	1,792,539
Restricted gifts and grants	1,324,731	279,574	1,604,305	1,283,715
Fundraising event income	62,305	-	62,305	56,210
Third-party venue license fees	1,803,388	-	1,803,388	1,639,842
Other operating revenues	1,540,331	-	1,540,331	1,458,915
Net assets released from restrictions	592,670	(592,670)	-	-
	<u>13,273,688</u>	<u>(313,096)</u>	<u>12,960,592</u>	<u>12,266,099</u>
OPERATING EXPENSES				
Performance and production	10,550,228	-	10,550,228	9,195,736
Fundraising, including event expense	1,134,607	-	1,134,607	799,194
Management and general	2,091,595	-	2,091,595	1,916,559
	<u>13,776,430</u>	<u>-</u>	<u>13,776,430</u>	<u>11,911,489</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(502,742)</u>	<u>(313,096)</u>	<u>(815,838)</u>	<u>354,610</u>
NON-OPERATING GAINS AND LOSSES				
Investment income (expense), net	(19,049)	162,744	143,695	154,397
Realized gains on sales of investments, net	484,639	1,627,993	2,112,632	268,552
Unrealized losses on investments, net	(139,193)	(465,993)	(605,186)	(1,715,034)
Other interest income and gains (losses)	438,555	-	438,555	(58,579)
Loss from disposal of leasehold improvements and equipment, net	-	-	-	(29,780)
	<u>764,952</u>	<u>1,324,744</u>	<u>2,089,696</u>	<u>(1,380,444)</u>
OTHER CHANGE IN NET ASSETS				
Net periodic income and pension related loss	(1,993)	-	(1,993)	(43,199)
CHANGE IN NET ASSETS	260,217	1,011,648	1,271,865	(1,069,033)
NET ASSETS, beginning of year	<u>16,759,438</u>	<u>8,887,454</u>	<u>25,646,892</u>	<u>26,715,925</u>
NET ASSETS, end of year	<u>\$ 17,019,655</u>	<u>\$ 9,899,102</u>	<u>\$ 26,918,757</u>	<u>\$ 25,646,892</u>

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

Supplementary Information - Summary of Statement of Activities Based on Internal Operating Statement - Saratoga Performing Arts Center, Inc.

	Years Ended December 31,			
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING REVENUES				
Ticket sales and admissions	\$ 3,639,122	\$ -	\$ 3,639,122	\$ 2,840,761
Membership revenues	4,311,141	-	4,311,141	3,194,117
Gifts and grants	1,324,731	279,574	1,604,305	2,520,528
Third-party venue license fees	1,803,388	-	1,803,388	1,639,842
Fundraising event income	62,305	-	62,305	56,210
Paycheck protection program contribution	-	-	-	555,726
Other operating revenues	1,540,331	-	1,540,331	1,458,915
Net assets released from restrictions	592,670	(592,670)	-	-
Operating revenues	<u>13,273,688</u>	<u>(313,096)</u>	<u>12,960,592</u>	<u>12,266,099</u>
OPERATING EXPENSES				
Performance costs				
Direct talent	5,407,699	-	5,407,699	4,690,031
Production expenses	2,791,645	-	2,791,645	2,305,676
Advertising and publicity	991,251	-	991,251	965,479
Box office	498,548	-	498,548	490,553
Other operating expenses	251,624	-	251,624	269,148
Fundraising, including event expense	1,134,609	-	1,134,609	799,194
Management and general	2,091,591	-	2,091,591	1,916,559
Operating expenses	<u>13,166,967</u>	<u>-</u>	<u>13,166,967</u>	<u>11,436,640</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>106,721</u>	<u>(313,096)</u>	<u>(206,375)</u>	<u>829,459</u>
NON-OPERATING REVENUE (EXPENSES)				
Depreciation	(609,463)	-	(609,463)	(474,849)
Investment income	494,221	162,744	656,965	168,472
Realized gains on sales of investments, net	484,639	1,627,993	2,112,632	268,552
Investment management fees	(74,715)	-	(74,715)	(72,654)
Other pension related losses	(1,993)	-	(1,993)	(43,199)
Unrealized losses on investments, net	(139,193)	(465,993)	(605,186)	(1,715,034)
Loss from disposal of leasehold improvements and equipment, net	-	-	-	(29,780)
	<u>153,496</u>	<u>1,324,744</u>	<u>1,478,240</u>	<u>(1,898,492)</u>
CHANGE IN NET ASSETS	<u>260,217</u>	<u>1,011,648</u>	<u>1,271,865</u>	<u>(1,069,033)</u>
NET ASSETS, beginning of year	<u>16,759,438</u>	<u>8,887,454</u>	<u>25,646,892</u>	<u>26,715,925</u>
NET ASSETS, end of year	<u>\$ 17,019,655</u>	<u>\$ 9,899,102</u>	<u>\$ 26,918,757</u>	<u>\$ 25,646,892</u>

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

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

	December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 44,328	\$ 45,072
Other current assets	6,583	6,583
Total current assets	50,911	51,655
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net	46,774	68,891
	\$ 97,685	\$ 120,546
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 84
Deferred revenues	14,302	14,300
Total current liabilities	14,302	14,384
NET ASSETS		
Without donor restrictions	71,199	93,978
With donor restrictions	12,184	12,184
Total net assets	83,383	106,162
	\$ 97,685	\$ 120,546

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

Supplementary Information -
Statements of Activities - National Museum of Dance

	Years Ended December 31,			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
OPERATING REVENUES AND GAINS				
Unrestricted gifts and grants	\$ -	\$ -	\$ -	\$ 6,505
OPERATING EXPENSES				
Performance and production	22,116	-	22,116	267,412
Management and general	690	-	690	5,001
	<u>22,806</u>	<u>-</u>	<u>22,806</u>	<u>272,413</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(22,806)	-	(22,806)	(265,908)
NON-OPERATING REVENUES				
Interest income	27	-	27	37
CHANGE IN NET ASSETS	(22,779)	-	(22,779)	(265,871)
NET ASSETS, <i>beginning of year</i>	<u>93,978</u>	<u>12,184</u>	<u>106,162</u>	<u>372,033</u>
NET ASSETS, <i>end of year</i>	<u>\$ 71,199</u>	<u>\$ 12,184</u>	<u>\$ 83,383</u>	<u>\$ 106,162</u>

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

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

	Years Ended December 31,	
	2023	2022
OPERATING REVENUES		
Gifts and grants	\$ -	\$ 6,505
Interest income	27	37
	27	6,542
OPERATING EXPENSES		
Program expenses	-	(1,270)
Management and general	690	5,001
	690	3,731
Operating income (loss)	(663)	2,811
NON-OPERATING EXPENSES		
Depreciation	(22,116)	(268,682)
Net loss	\$ (22,779)	\$ (265,871)