

BERGEN PERFORMING ARTS CENTER, INC.

**FINANCIAL REPORT
JUNE 30, 2009**



Board of Trustees
Bergen Performing Arts Center, Inc.
Englewood, New Jersey

We have audited the accompanying statements of financial position of Bergen Performing Arts Center, Inc. as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Bergen Performing Arts Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bergen Performing Arts Center, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergen Performing Arts Center, Inc. as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
January 4, 2010

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30,	
	2009	2008
Cash and cash equivalents	\$ 1,066,755	\$ 205,758
Accounts receivable, less allowance for doubtful accounts of \$11,649 in 2009 and \$9,356 in 2008	307,217	217,765
Prepaid expenses and other current assets	72,791	121,127
Pledges receivable, less allowance for doubtful pledges of \$20,000 in 2009 and \$5,000 in 2008	963,968	2,138,362
Financing fees, net	40,939	50,036
Property and equipment, net	1,666,494	1,812,777
	<u>\$ 4,118,164</u>	<u>\$ 4,545,825</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 416,777	\$ 485,921
Deferred revenue	564,649	711,644
Note payable	260,000	200,000
Long-term debt	75,986	86,293
Bonds payable	1,850,000	1,875,000
	<u>3,167,412</u>	<u>3,358,858</u>
NET ASSETS:		
Unrestricted	(1,045,283)	(761,685)
Temporarily Restricted	16,000	20,000
Permanently Restricted	1,980,035	1,928,652
Total Net Assets	<u>950,752</u>	<u>1,186,967</u>
	<u>\$ 4,118,164</u>	<u>\$ 4,545,825</u>

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30,							
	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:								
Support:								
Individual contributions	\$ 98,636	\$ -	\$ 29,546	\$ 128,182	\$ 42,130	\$ 136,379	\$ 641,217	\$ 819,726
Corporate contributions	94,125	-	2,629	96,754	114,383	-	52,955	167,338
Foundation contributions	240,272	-	19,208	259,480	128,295	-	1,234,480	1,362,775
In-kind contributions	45,854	-	-	45,854	69,067	-	-	69,067
Government grants	368,381	-	-	368,381	369,310	-	-	369,310
Special events	197,318	-	-	197,318	494,096	-	-	494,096
Revenues:								
Performance revenues	3,116,946	-	-	3,116,946	3,456,418	-	-	3,456,418
Rental revenues	376,434	-	-	376,434	390,357	-	-	390,357
Dance revenues	215,321	-	-	215,321	220,866	-	-	220,866
Advertising revenues	143,008	-	-	143,008	124,295	-	-	124,295
Other revenues	181,776	-	-	181,776	111,306	-	-	111,306
	<u>5,078,071</u>	<u>-</u>	<u>51,383</u>	<u>5,129,454</u>	<u>5,520,523</u>	<u>136,379</u>	<u>1,928,652</u>	<u>7,585,554</u>
NET ASSETS RELEASED FROM RESTRICTIONS	4,000	(4,000)	-	-	135,379	(135,379)	-	-
Total support and revenues	<u>5,082,071</u>	<u>(4,000)</u>	<u>51,383</u>	<u>5,129,454</u>	<u>5,655,902</u>	<u>1,000</u>	<u>1,928,652</u>	<u>7,585,554</u>
EXPENSES:								
Program	4,772,255	-	-	4,772,255	5,139,915	-	-	5,139,915
Management and general	174,010	-	-	174,010	194,907	-	-	194,907
Fundraising	419,404	-	-	419,404	629,063	-	-	629,063
Total expenses	<u>5,365,669</u>	<u>-</u>	<u>-</u>	<u>5,365,669</u>	<u>5,963,885</u>	<u>-</u>	<u>-</u>	<u>5,963,885</u>
CHANGE IN NET ASSETS	(283,598)	(4,000)	51,383	(236,215)	(307,983)	1,000	1,928,652	1,621,669
NET ASSETS, BEGINNING OF YEAR	<u>(761,685)</u>	<u>20,000</u>	<u>1,928,652</u>	<u>1,186,967</u>	<u>(453,702)</u>	<u>19,000</u>	<u>-</u>	<u>(434,702)</u>
NET ASSETS, END OF YEAR	<u>\$ (1,045,283)</u>	<u>\$ 16,000</u>	<u>\$ 1,980,035</u>	<u>\$ 950,752</u>	<u>\$ (761,685)</u>	<u>\$ 20,000</u>	<u>\$ 1,928,652</u>	<u>\$ 1,186,967</u>

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (236,215)	\$ 1,621,669
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	168,179	167,333
Amortization of financing fees	9,097	9,098
Bad debt expense	20,351	24,539
Pledges receivable present value discount adjustment	(52,845)	82,050
Change in operating assets and liabilities:		
Accounts receivable	(94,803)	(12,678)
Prepaid expenses and other current assets	48,336	42,557
Pledges receivable	1,212,239	(1,834,969)
Accounts payable and accrued expenses	(69,144)	(12,920)
Deferred revenue	(146,995)	25,864
Net cash flows from operating activities	<u>858,200</u>	<u>112,543</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investment	-	100,000
Purchases of property and equipment	(21,896)	(29,059)
	<u>(21,896)</u>	<u>70,941</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	60,000	-
Payments on long term debt	(10,307)	(3,559)
Payments on bonds payable	(25,000)	(25,000)
Net cash flows from financing activities	<u>24,693</u>	<u>(28,559)</u>
 NET CHANGE IN CASH AND EQUIVALENTS	 860,997	 154,925
 CASH AND EQUIVALENTS, BEGINNING OF YEAR	 <u>205,758</u>	 <u>50,833</u>
 CASH AND EQUIVALENTS, END OF YEAR	 <u>\$ 1,066,755</u>	 <u>\$ 205,758</u>
 SUPPLEMENTAL CASH FLOW INFORMATION -		
Interest paid	<u>\$ 94,407</u>	<u>\$ 97,904</u>

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization - Bergen Performing Arts Center, Inc. (the "Organization") is a not-for-profit organization incorporated under the laws of the State of New Jersey for the purpose of providing cultural, educational and social activities for the general public.

Basis of Presentation - The financial statement presentation follows the recommendations of FASB Statement of Financial Accounting Standards No. 117 *Financial Statements of Not-for-Profit Organizations* ("SFAS No. 117"). The Organization's financial statements display separate classes of net assets (unrestricted, temporarily restricted and permanently restricted) based on the existence or absence of donor-imposed restrictions.

Support and Revenues:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Revenues are recognized as amounts are earned and are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations or temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions - The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Estimates and Uncertainties - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and expenses during the reporting period. Actual results, as determined at a later date, may differ from those estimates.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Income Tax Status - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, except for amounts representing unrelated business income. The Organization had no unrelated business income. In addition, the Organization has been classified by the Internal Revenue Service as a public charity under Section 170(b)(1) of the Code.

In June 2006, the FASB released FASB Interpretation (FIN 48), *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP FIN 48-3), *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48-3, the Organization is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, the Organization has not implemented those provisions in the 2009 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, the Organization continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Using that guidance, as of June 30, 2009, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Concentrations of Credit Risk - Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash and equivalents.

The Organization maintains cash deposits with various financial institutions, which limits exposure to any one institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash balances may exceed insured limits.

Cash Equivalents - Cash equivalents include money market funds and all other highly liquid short-term investments purchased with maturities of three months or less.

Promises to Give and Related Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment - Property and equipment are stated at cost. Depreciation will be computed when assets are placed in service, primarily on the straight-line method, over the following useful lives:

Building	40 years
Improvements	15 years
Equipment	3-7 years
Furniture and fixtures	7 years

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NOTES TO FINANCIAL STATEMENTS

Financing Fees - Costs incurred in connection with debt issuance were capitalized and are being amortized over the life of the loan.

Functional Allocation of Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Government Grants - Government grants, which are awarded by agencies of the State, County and City governments for specified program activities, generally provide for reimbursement to the Organization for both direct and indirect expenditures. Such reimbursements are subject to subsequent reviews and renegotiations by the respective government agencies, and any changes in the amount of the reimbursements are recorded in the period when finally determined.

Marketing/Advertising - The Organization's policy is to expense marketing/advertising costs as incurred, which totaled approximately \$677,000 in 2009 and \$819,000 in 2008.

Reclassification - Certain amounts previously reported have been reclassified to conform to current year presentation.

Subsequent Events - Management has reviewed and evaluated all events and transactions from June 30, 2009, through, January 4, 2010, the date that the financial statements are available for issue. The effects of those transactions and events that provide additional pertinent information about conditions that existed at the statement of financial position date, have been recognized in the accompanying financial statements.

Note 2 - Donated Services and Materials:

The Organization receives donated services and materials in connection with its operations. These items have been reflected in the accompanying financial statements at their fair market value on the date of donation. In-kind contributions consist of the following:

	Year Ended June 30,	
	2009	2008
Legal and professional fees	\$ 1,152	\$ 3,539
Advertising expenses	6,456	12,878
Other	38,246	52,650
	<u>\$ 45,854</u>	<u>\$ 69,067</u>

The advertising expenses consist of mailing services and advertising consultation.

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NOTES TO FINANCIAL STATEMENTS

Note 3 - Pledges Receivable:

The following summarizes pledges receivable:

	June 30,	
	2009	2008
Amounts due:		
Up to one year	\$ 264,957	\$ 1,332,146
One year to five years	760,684	905,734
	1,025,641	2,237,880
Less: Allowance for doubtful pledges	20,000	5,000
Less: Discount to present value (discount rates of 2.54% and 5.00%)	41,673	94,518
	<u>\$ 963,968</u>	<u>\$ 2,138,362</u>

Note 4 - Property and Equipment:

Land, building and equipment consists of the following:

	June 30,	
	2009	2008
Land	\$ 227,046	\$ 227,046
Building and improvements	1,655,894	1,641,395
Equipment	507,475	505,875
Furniture and fixtures	68,927	63,130
	2,459,342	2,437,446
Less: Accumulated depreciation	792,848	624,669
	<u>\$ 1,666,494</u>	<u>\$ 1,812,777</u>

Depreciation expense was \$168,179 in 2009 and \$167,333 in 2008.

Note 5 - Note Payable:

Note payable represents a \$300,000 line-of-credit due April 30, 2010 with interest at the Wall Street Journal Prime rate plus 1% (6% at June 30, 2009). This note is unsecured but is guaranteed by certain trustees of the Organization.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6 - Long Term Debt:

Long term debt consists of the following:

Note payable to a bank with an original balance of \$80,000 which bears interest at a fixed rate of 7% and is due September 22, 2015. Monthly payments on this note are approximately \$1,211 including interest. This note is collateralized by the operating assets of the Organization. The balance on this note was \$73,190 at June 30, 2009.

Note payable to a bank with an original balance of \$16,220 which bears interest at a fixed rate of 6.5% and is due March 15, 2010. The balance on this note was \$2,796 at June 30, 2009.

Long term debt matures as follows:

<u>Year Ending June 30,</u>	
2010	\$ 12,449
2011	10,357
2012	11,107
2013	11,931
2014	13,268
Thereafter	<u>16,874</u>
	<u>\$ 75,986</u>

Note 7 - Bonds Payable:

The bonds payable bear interest at 3.98% and are payable in annual principal payments plus interest semi-annually, through January 1, 2013 are due with a balloon payment of \$1,510,000 on January 1, 2014. The bonds payable mature as follows:

<u>Year Ending June 30,</u>	
2010	\$ 85,000
2011	85,000
2012	85,000
2013	85,000
2014	<u>1,510,000</u>
	<u>\$ 1,850,000</u>

The bonds are collateralized by the Organization's real property located at 30 North Van Brunt Street, Englewood, New Jersey.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Conditional Promise to Give:

The Organization has received a matching grant agreement which stipulates that a certain donor will contribute \$1,000,000 to be designated as permanently restricted endowment funds if the Organization is able to raise \$5,000,000 of endowment funds by June 2011. This conditional promise to give is subject to various other minor conditions. This conditional promise to give has not been recorded in the financial statements.

Note 9 - Fair Value Measurements:

FASB Statement No. 157, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides 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 or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2009:

<u>Description</u>	<u>June 30, 2009</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Pledges Receivable	\$ 963,968	\$ -	\$ -	\$ 963,968
Cash and cash equivalents	1,066,755	79,943	986,812	-
Total	\$ 2,030,723	\$ 79,943	\$ 986,812	\$ 963,968

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Level 3 Gains and Losses:

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets, for the year ended June 30, 2009:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) <hr/> Pledges Receivable
Beginning balance	\$ 2,138,362
Change in net present value discount	52,845
Change in allowance for doubtful pledges	(15,000)
Pledges collected, net of new pledges received	<hr/> (1,212,239)
Ending balance	<hr/> \$ 963,968

Note 10 - Endowment:

The Organization's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted New Jersey's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which became law on June 10, 2009, as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Commencing June 10, 2009, as a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) the portion of investment return added to the permanent endowment to maintain its purchasing power. For purposes of determining that portion, each year the Organization adjusts permanently restricted net assets by the change in the Consumer Price Index for that year. If the endowment assets' earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Board for expenditure. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ 1,928,652	\$ 1,928,652
Investment return	-	19,713	-	19,713
Borrowings from endowment fund	(250,000)	-	-	(250,000)
Appropriation of endowment assets for expenditure	-	(19,713)	-	(19,713)
Contributions	-	-	51,383	51,383
Endowment net assets, end of year	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 1,980,035</u>	<u>\$ 1,730,035</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
Investment return	-	-	-	-
Contributions	-	-	1,928,652	1,928,652
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,928,652</u>	<u>\$ 1,928,652</u>

Description of Amounts Classified as Permanently Restricted Net Assets

The permanently restricted net assets balance represents the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by the UPMIFA.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$250,000 as of June 30, 2009. These deficiencies resulted from borrowings from the donor-restricted endowment fund after permission was granted from the donor.

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NOTES TO FINANCIAL STATEMENTS

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a minimum five percent return on investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization's investment policy is to invest in a mix of equity, fixed income and money funds in order to achieve its long-term return objectives. However the policy also allows for the Organization to invest in money market funds or cash equivalents if deemed prudent. The Organization currently invests all of its endowment assets in a money market fund.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a policy of spending no more than the realized earnings achieved on endowment investments during any fiscal year. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow at a rate greater than the realized earnings achieved. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and unrealized investment return.

**BERGEN PERFORMING ARTS CENTER, INC.
SUPPLEMENTAL INFORMATION**

SCHEDULES OF FUNCTIONAL EXPENSES

Year Ended June 30,

	2009				2008			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Cost of performances	\$ 2,436,204	\$ -	\$ -	\$ 2,436,204	\$ 2,620,978	\$ -	\$ -	\$ 2,620,978
Salaries, benefits and related payroll taxes	905,111	122,394	170,698	1,198,203	937,011	123,004	195,720	1,255,735
Marketing	677,484	-	-	677,484	819,200	-	-	819,200
Special events	-	-	166,041	166,041	-	-	351,673	351,673
Depreciation and amortization	165,487	5,172	6,617	177,276	158,351	10,973	7,107	176,431
Utilities and telephone	125,489	5,506	7,340	138,335	137,585	10,513	8,754	156,852
Bank card fees	75,956	-	2,473	78,429	94,659	-	3,317	97,976
Interest	87,747	2,742	3,508	93,997	85,842	5,948	3,853	95,643
Legal, professional and consulting fees	41,021	5,516	7,847	54,384	42,857	5,654	8,997	57,508
Rent	53,679	-	-	53,679	54,981	-	-	54,981
Supplies	45,693	4,142	5,804	55,639	43,656	4,549	5,975	54,180
Postage and mailhouse services	13,458	1,810	6,173	21,441	15,939	2,103	29,393	47,435
Insurance	41,379	1,293	1,655	44,327	37,693	2,612	1,692	41,997
Building maintenance	45,637	1,426	1,825	48,888	26,084	1,807	1,171	29,062
Commissions	23,270	-	-	23,270	26,927	-	-	26,927
Bad debt expense	-	20,351	-	20,351	-	24,539	-	24,539
Other	11,619	1,562	31,397	44,578	12,071	466	3,287	15,824
Travel and entertainment	3,957	532	802	5,291	7,818	1,031	2,113	10,962
Equipment rentals	5,898	793	1,128	7,819	5,636	744	1,183	7,563
Licenses and permits	4,980	-	-	4,980	4,544	300	-	4,844
Payroll service fees	3,263	439	624	4,326	2,875	379	604	3,858
Dues and subscriptions	2,470	332	974	3,776	2,160	285	1,002	3,447
Computer services	-	-	4,498	4,498	-	-	3,222	3,222
Contract Labor	2,453	-	-	2,453	3,048	-	-	3,048
	<u>\$ 4,772,255</u>	<u>\$ 174,010</u>	<u>\$ 419,404</u>	<u>\$ 5,365,669</u>	<u>\$ 5,139,915</u>	<u>\$ 194,907</u>	<u>\$ 629,063</u>	<u>\$ 5,963,885</u>

See accompanying notes to financial statements.