

BERGEN PERFORMING ARTS CENTER, INC.

**FINANCIAL REPORT
JUNE 30, 2010**



INDEPENDENT AUDITORS' REPORT

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. (the "Organization") as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 the Organization'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 the Organization as of June 30, 2010 and 2009 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
March 18, 2011

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
ASSETS	2010	2009
Cash and equivalents	\$ 213,307	\$ 1,066,755
Marketable securities	1,248,575	-
Accounts receivable, less allowance for doubtful accounts of \$11,149 in 2010 and \$11,649 in 2009	258,184	307,217
Prepaid expenses and other current assets	69,545	72,791
Pledges receivable, less allowance for doubtful pledges of \$40,000 in 2010 and \$20,000 in 2009	722,744	963,968
Financing fees, net	31,842	40,939
Property and equipment, net	1,530,071	1,666,494
	\$ 4,074,268	\$ 4,118,164
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 323,187	\$ 416,777
Deferred revenue	764,191	564,649
Note payable	171,050	260,000
Long-term debt	260,908	75,986
Bonds payable	1,765,000	1,850,000
	3,284,336	3,167,412
NET ASSETS:		
Unrestricted	(1,223,337)	(1,045,283)
Temporarily Restricted	16,000	16,000
Permanently Restricted	1,997,269	1,980,035
Total Net Assets	789,932	950,752
	\$ 4,074,268	\$ 4,118,164

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30,							
	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:								
Support:								
Individual contributions	\$ 95,747	\$ -	\$ 10,267	\$ 106,014	\$ 98,636	\$ -	\$ 29,546	\$ 128,182
Corporate contributions	125,670	-	1,373	127,043	94,125	-	2,629	96,754
Foundation contributions	119,140	-	5,594	124,734	240,272	-	19,208	259,480
In-kind contributions	55,234	-	-	55,234	45,854	-	-	45,854
Government grants	422,810	-	-	422,810	368,381	-	-	368,381
Special events	334,673	-	-	334,673	197,318	-	-	197,318
Revenues:								
Performance revenues	3,186,415	-	-	3,186,415	3,116,946	-	-	3,116,946
Rental revenues	364,718	-	-	364,718	376,434	-	-	376,434
Dance revenues	220,494	-	-	220,494	215,321	-	-	215,321
Advertising revenues	104,508	-	-	104,508	143,008	-	-	143,008
Other revenues	141,779	-	-	141,779	181,776	-	-	181,776
	<u>5,171,188</u>	<u>-</u>	<u>17,234</u>	<u>5,188,422</u>	<u>5,078,071</u>	<u>-</u>	<u>51,383</u>	<u>5,129,454</u>
NET ASSETS RELEASED FROM RESTRICTIONS	-	-	-	-	4,000	(4,000)	-	-
Total support and revenues	<u>5,171,188</u>	<u>-</u>	<u>17,234</u>	<u>5,188,422</u>	<u>5,082,071</u>	<u>(4,000)</u>	<u>51,383</u>	<u>5,129,454</u>
EXPENSES:								
Program	4,692,023	-	-	4,692,023	4,772,255	-	-	4,772,255
Management and general	169,253	-	-	169,253	174,010	-	-	174,010
Fundraising	487,966	-	-	487,966	419,404	-	-	419,404
Total expenses	<u>5,349,242</u>	<u>-</u>	<u>-</u>	<u>5,349,242</u>	<u>5,365,669</u>	<u>-</u>	<u>-</u>	<u>5,365,669</u>
CHANGE IN NET ASSETS	(178,054)	-	17,234	(160,820)	(283,598)	(4,000)	51,383	(236,215)
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ (1,223,337)</u>	<u>\$ 16,000</u>	<u>\$ 1,997,269</u>	<u>\$ 789,932</u>	<u>\$ (1,045,283)</u>	<u>\$ 16,000</u>	<u>\$ 1,980,035</u>	<u>\$ 950,752</u>

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (160,820)	\$ (236,215)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	152,289	168,179
Loss on disposal of equipment	6,687	-
Amortization of financing fees	9,097	9,097
Gain/ loss on marketable securities and reinvested income	(8,991)	-
Bad debt expense	20,000	20,351
Pledges receivable present value discount adjustment	(21,904)	(52,845)
Change in operating assets and liabilities:		
Accounts receivable	49,033	(94,803)
Prepaid expenses and other current assets	3,246	48,336
Pledges receivable	240,275	1,212,239
Accounts payable and accrued expenses	(93,590)	(69,144)
Deferred revenue	199,542	(146,995)
Net cash flows from operating activities	394,864	858,200
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales from donated securities	2,853	-
Purchase of marketable securities	(1,239,584)	-
Purchases of property and equipment	(22,553)	(21,896)
Net cash flows from investing activities	(1,259,284)	(21,896)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	171,050	60,000
Payments on notes payable	(260,000)	-
Payments on long term debt	(15,078)	(10,307)
Proceeds from long term debt	200,000	-
Payments on bonds payable	(85,000)	(25,000)
Net cash flows from financing activities	10,972	24,693
NET CHANGE IN CASH AND EQUIVALENTS	(853,448)	860,997
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,066,755	205,758
CASH AND EQUIVALENTS, END OF YEAR	\$ 213,307	\$ 1,066,755
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 93,297	\$ 94,407
Donated securities	\$ 2,853	\$ -

See accompanying notes to financial statements.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 REPORT

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

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.

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.

The Organization's marketable securities are partially protected by the Securities Insurance Protection Corporation which provides limited insurance in certain circumstances for securities and cash held in brokerage accounts. The insurance is limited to \$500,000 for securities and \$250,000 for cash balances. The insurance does not protect against investment losses. At times, such balances may be in excess of SIPC 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.

Marketable Securities - Marketable securities are recorded at fair value. Gains and losses on market value adjustments are recognized for market fluctuations.

Property and Equipment - Property and equipment are stated at cost. Depreciation is 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

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.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

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

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 \$637,739 in 2010 and \$677,484 in 2009.

Subsequent Events - Management has reviewed and evaluated all events and transactions from June 30, 2010, through, March 18, 2011, the date that the financial statements were available for issue and the effects of those 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:

	<u>Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Legal and professional fees	\$ 1,585	\$ 1,152
Advertising expenses	6,234	6,456
Other	<u>47,415</u>	<u>38,246</u>
	<u>\$ 55,234</u>	<u>\$ 45,854</u>

The advertising expenses consist of mailing services and advertising consultation.

Note 3 - Pledges Receivable:

The following summarizes pledges receivable:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Amounts due:		
Up to one year	\$ 224,930	\$ 264,957
One year to five years	<u>557,583</u>	<u>760,684</u>
	782,513	1,025,641
Less: Allowance for doubtful pledges	40,000	20,000
Less: Discount to present value (discount rates of 1.79% and 2.54%)	<u>19,769</u>	<u>41,673</u>
	<u>\$ 722,744</u>	<u>\$ 963,968</u>

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

Note 4 - Marketable Securities:

The following is a summary of marketable securities:

	June 30,			
	2010		2009	
	Cost	Fair Market or Quoted Value	Cost	Fair Market or Quoted Value
Debt securities	\$ 1,245,621	\$ 1,248,575	\$ -	\$ -
	<u>\$ 1,245,621</u>	<u>\$ 1,248,575</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2010, \$1,084,771 of the Organization's debt securities consisted of investments in U.S. Treasury Notes.

Investment income and loss as reflected in the Statement of Activities, is classified as unrestricted or temporarily restricted based upon donor stipulations and the related classification of the underlying investments. Interest earned on marketable securities totaled \$6,037 in 2010 and unrealized gains on marketable securities totaled \$2,954 in 2010. Investment expenses totaled \$1,181 in 2010.

Note 5 - Property and Equipment:

Land, building and equipment consists of the following:

	June 30,	
	2010	2009
Land	\$ 227,046	\$ 227,046
Building and improvements	1,655,894	1,655,894
Equipment	473,143	507,475
Furniture and fixtures	70,092	68,927
	<u>2,426,175</u>	<u>2,459,342</u>
Less: Accumulated depreciation	<u>896,104</u>	<u>792,848</u>
	<u>\$ 1,530,071</u>	<u>\$ 1,666,494</u>

Depreciation expense was \$152,289 in 2010 and \$168,179 in 2009.

Note 6 - Note Payable:

Note payable represents a \$800,000 line-of-credit due in April 2011 which bears interest at the greater of 3.25% or prime rate (3.25% at June 30, 2010). The note is secured by the marketable securities of the Organization. Borrowings on this note totaled \$171,050 at June 30, 2010.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

Note 7 - 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 production equipment of the Organization. The balance on this note was \$63,541 at June 30, 2010.

Note payable to a bank with an original balance of \$200,000 which bears interest at the prime rate plus 1% (4.25% at June 30, 2010) and is due April 14, 2020. Principle payments of \$1,673 plus interest are due monthly. The note is collateralized by the Organization's marketable securities. The balance on this note was \$197,367 at June 30, 2010.

Long term debt matures as follows:

<u>Year Ending June 30,</u>	
2011	\$ 30,429
2012	31,178
2013	32,003
2014	32,878
2015	33,811
Thereafter	<u>100,609</u>
	<u>\$ 260,908</u>

Note 8 - 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>	
2011	\$ 85,000
2012	85,000
2013	85,000
2014	<u>1,510,000</u>
	<u>\$ 1,765,000</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 REPORT

Note 9 - Fair Value Measurements:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, 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 ASC 820 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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010.

- U.S. Government Securities: Valued at the closing price reported in the active market in which the individual security is traded
- Cash and Equivalents: Valued at the closing price reported in the active market which the fund is traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010 and 2009:

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

Note 9 - Fair Value Measurements: (continued)

<u>Description</u>	<u>June 30, 2010</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>
Cash Equivalents	\$ 151,488	\$ -	\$ 151,488	\$ -
U.S. Government Securities	1,248,575	1,248,575	-	-
Total	\$ 1,400,063	\$ 1,248,575	\$ 151,488	\$ -

<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>
Cash Equivalents	\$ 986,812	\$ -	\$ 986,812	-
Total	\$ 986,812	\$ -	\$ 986,812	\$ -

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 in June 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 in June 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, and (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. 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 REPORT

Note 10 - Endowment: (continued)

- (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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (250,000)	\$ -	\$ 1,980,035	\$ 1,730,035
Investment return	-	23,123	-	23,123
Repayments of borrowings from endowment fund	230,000	-	-	230,000
Appropriation of endowment assets for expenditure	(10,448)	(23,123)	-	(33,571)
Contributions	<u>-</u>	<u>-</u>	<u>17,234</u>	<u>17,234</u>
Endowment net assets, end of year	<u>\$ (30,448)</u>	<u>\$ -</u>	<u>\$ 1,997,269</u>	<u>\$ 1,966,821</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>-</u>	<u>-</u>	<u>51,383</u>	<u>51,383</u>
Endowment net assets, end of year	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 1,980,035</u>	<u>\$ 1,730,035</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.

BERGEN PERFORMING ARTS CENTER, INC.

NOTES TO FINANCIAL REPORT

Note 10 - Endowment: (continued)

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 \$30,448 and \$250,000 as of June 30, 2010 and 2009. These deficiencies resulted from borrowings from the donor-restricted endowment fund after permission was granted from the donor and from the receipt of permanently restricted funds not yet transferred into the endowment securities account.

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.

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,							
	2010				2009			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Cost of performances	\$ 2,409,564	\$ -	\$ -	\$ 2,409,564	\$ 2,436,204	\$ -	\$ -	\$ 2,436,204
Salaries, benefits and related payroll taxes	922,665	120,463	167,059	1,210,187	905,111	122,394	170,698	1,198,203
Marketing	637,739	-	-	637,739	677,484	-	-	677,484
Special events	-	-	270,645	270,645	-	-	166,041	166,041
Depreciation and amortization	152,761	3,876	4,749	161,386	165,487	5,172	6,617	177,276
Utilities and telephone	121,093	4,512	5,822	131,427	125,489	5,506	7,340	138,335
Interest	88,952	2,257	2,765	93,974	87,747	2,742	3,508	93,997
Legal, professional and consulting fees	44,970	5,931	8,249	59,150	41,021	5,516	7,847	54,384
Bank card fees	42,750	-	3,782	46,532	75,956	-	2,473	78,429
Supplies	40,185	2,657	3,590	46,432	45,693	4,142	5,804	55,639
Insurance	38,936	988	1,210	41,134	41,379	1,293	1,655	44,327
Rent	62,250	-	-	62,250	53,679	-	-	53,679
Building maintenance	33,891	860	1,054	35,805	45,637	1,426	1,825	48,888
Commissions	26,100	-	-	26,100	23,270	-	-	23,270
Bad debt expense	-	20,000	-	20,000	-	20,351	-	20,351
Postage and mailhouse services	12,542	1,654	2,451	16,647	13,458	1,810	6,173	21,441
Other	35,108	3,921	8,710	47,739	11,619	1,562	31,397	44,578
Equipment rentals	5,412	714	993	7,119	5,898	793	1,128	7,819
Travel and entertainment	4,611	608	846	6,065	3,957	532	802	5,291
Licenses and permits	5,127	-	-	5,127	4,980	-	-	4,980
Payroll service fees	3,499	461	642	4,602	3,263	439	624	4,326
Computer services	-	-	4,413	4,413	-	-	4,498	4,498
Dues and subscriptions	2,663	351	986	4,000	2,470	332	974	3,776
Contract Labor	1,205	-	-	1,205	2,453	-	-	2,453
	<u>\$ 4,692,023</u>	<u>\$ 169,253</u>	<u>\$ 487,966</u>	<u>\$ 5,349,242</u>	<u>\$ 4,772,255</u>	<u>\$ 174,010</u>	<u>\$ 419,404</u>	<u>\$ 5,365,669</u>

See accompanying notes to financial statements.