



*Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**BERGEN PERFORMING ARTS CENTER, INC.**

*Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

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### ***Independent Auditors' Report***

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

#### ***Opinion***

We have audited the financial statements of Bergen Performing Arts Center, Inc.'s, which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bergen Performing Arts Center, Inc.'s as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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 Bergen Performing Arts Center, Inc.'s and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Bergen Performing Arts Center, Inc.'s ability to continue as a going concern for or within one year after the date that the financial statements are available to be issued, when applicable.

### ***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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Bergen Performing Arts Center, Inc.'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 Bergen Performing Arts Center, Inc.'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.

*DavisKelly LLC*

New York, New York  
April 11, 2023

**BERGEN PERFORMING ARTS CENTER, INC.**

*Statements of Financial Position*

*As of June 30, 2022 and 2021*

<i>Assets</i>	<u>2022</u>	<u>2021</u>
Cash, cash equivalents, and restricted cash	\$ 3,576,840	\$ 3,333,885
Investments	12,946	33,527
Accounts receivable, net	278,884	388,101
Pledges receivable, net	1,271,075	2,611,130
Government contracts receivable	116,367	3,310,446
Prepaid expenses	416,942	399,547
Financing fees, net	-	46,021
Construction in progress	2,245,842	-
Property and equipment, net	2,872,031	3,131,596
	<hr/>	<hr/>
<b><i>Total assets</i></b>	<b>\$ 10,790,927</b>	<b>\$ 13,254,253</b>
	<hr/> <hr/>	<hr/> <hr/>
 <i>Liabilities and net assets</i>		
 <i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 69,372	\$ 328,840
Refundable advance	-	529,265
Note payable - PPP	-	36,546
Note payable - EIDL loan	149,900	149,900
Note payable - equipment term loan	-	115,246
Note payable - bond loan	1,304,076	-
Deferred revenue - program performances	892,771	1,188,916
Refundable advance - SVOG funds	-	2,682,596
Mortgages payable	-	2,862,386
	<hr/>	<hr/>
<b><i>Total liabilities</i></b>	<b>2,416,119</b>	<b>7,893,695</b>
	<hr/>	<hr/>
 <i>Net assets</i>		
Net assets without donor restrictions	2,683,243	(629,665)
Net assets with donor restrictions	5,691,565	5,990,223
	<hr/>	<hr/>
<b><i>Total net assets</i></b>	<b>8,374,808</b>	<b>5,360,558</b>
	<hr/>	<hr/>
<b><i>Total liabilities and net assets</i></b>	<b>\$ 10,790,927</b>	<b>\$ 13,254,253</b>
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See accompanying notes to financial statements

**BERGEN PERFORMING ARTS CENTER, INC.**

*Statement of Activities*

*For the Year Ended June 30, 2022*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Support and revenue</i></b>			
Support:			
Individual contributions	\$ 117,679	\$ 24,875	\$ 142,554
Corporate contributions	183,242	-	183,242
Foundation contributions	343,052	-	343,052
Government grants	5,278,698	-	5,278,698
Contributed goods and services	-	63,553	63,553
Net assets released from restrictions	387,086	(387,086)	-
	<hr/>	<hr/>	<hr/>
<b><i>Total support</i></b>	<b>6,309,757</b>	<b>(298,658)</b>	<b>6,011,099</b>
	<hr/>	<hr/>	<hr/>
Revenues:			
Performance revenues	2,260,236	-	2,260,236
Rental revenues	21,410	-	21,410
Education revenues	396,352	-	396,352
Investment activity, net	13,423	-	13,423
Concession stand income	156,808	-	156,808
	<hr/>	<hr/>	<hr/>
<b><i>Total revenues</i></b>	<b>2,848,229</b>	<b>-</b>	<b>2,848,229</b>
	<hr/>	<hr/>	<hr/>
<b><i>Total support and revenues</i></b>	<b>9,157,986</b>	<b>(298,658)</b>	<b>8,859,328</b>
	<hr/>	<hr/>	<hr/>
<b><i>Expenses</i></b>			
Program services	3,713,386	-	3,713,386
General and administration	1,135,561	-	1,135,561
Fundraising	996,128	-	996,128
	<hr/>	<hr/>	<hr/>
<b><i>Total expenses</i></b>	<b>5,845,075</b>	<b>-</b>	<b>5,845,075</b>
	<hr/>	<hr/>	<hr/>
<b><i>Change in net assets</i></b>	<b>3,312,911</b>	<b>(298,658)</b>	<b>3,014,253</b>
	<hr/>	<hr/>	<hr/>
<b><i>Net assets, beginning</i></b>	<b>(629,665)</b>	<b>5,990,223</b>	<b>5,360,558</b>
	<hr/>	<hr/>	<hr/>
<b><i>Net assets, ending</i></b>	<b>\$ 2,683,246</b>	<b>\$ 5,691,565</b>	<b>\$ 8,374,811</b>
	<hr/>	<hr/>	<hr/>

*See accompanying notes to financial statements*

**BERGEN PERFORMING ARTS CENTER, INC.**

*Statement of Activities*

*For the Year Ended June 30, 2021*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Support and revenue</i></b>			
Support:			
Individual contributions	\$ 101,770	\$ 747,836	\$ 849,606
Corporate contributions	107,157	-	107,157
Foundation contributions	79,156	-	79,156
Government grants	1,326,702	-	1,326,702
Special events	487,642	-	487,642
Contributed goods and services	44,200	-	44,200
Net assets released from restrictions	225,000	(225,000)	-
<b><i>Total support</i></b>	<b>2,371,627</b>	<b>522,836</b>	<b>2,894,463</b>
Revenues:			
Performance revenues	145,438	-	145,438
Rental revenues	86,269	-	86,269
Education revenues	127,200	-	127,200
Investment activity, net	14,794	-	14,794
<b><i>Total revenues</i></b>	<b>373,701</b>	<b>-</b>	<b>373,701</b>
<b><i>Total support and revenues</i></b>	<b>2,745,328</b>	<b>522,836</b>	<b>3,268,164</b>
<b><i>Expenses</i></b>			
Program services	1,132,184	-	1,132,184
General and administration	757,929	-	757,929
Fundraising	211,984	-	211,984
<b><i>Total expenses</i></b>	<b>2,102,097</b>	<b>-</b>	<b>2,102,097</b>
<b><i>Change in net assets</i></b>	<b>643,231</b>	<b>522,836</b>	<b>1,166,067</b>
<b><i>Net assets, beginning</i></b>	<b>(1,272,896)</b>	<b>5,467,387</b>	<b>4,194,491</b>
<b><i>Net assets, ending</i></b>	<b>\$ (629,665)</b>	<b>\$ 5,990,223</b>	<b>\$ 5,360,558</b>

See accompanying notes to financial statements

**BERGEN PERFORMING ARTS CENTER, INC.**

*Statements of Cash Flows*

*For the Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b><i>Cash flows from operating activities:</i></b>		
Change in net assets	\$ 3,014,250	\$ 1,166,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	149,112	130,696
Amortization of financing fees	46,021	4,775
Bad debt expenses	738,709	236,360
Change in:		
Accounts receivable	(629,492)	(259,122)
Pledges receivable	1,340,055	702,121
Government contracts receivable	3,194,079	(3,310,446)
Prepaid expenses and other current assets	(17,395)	(12,499)
Accounts payable and accrued expenses	(259,468)	(90,884)
Refundable advance	(529,265)	-
Deferred revenue - government	(2,682,596)	2,682,596
Deferred revenue - program performances	(296,145)	(41,605)
	<hr/>	<hr/>
<b><i>Net cash used in operating activities</i></b>	<b>4,067,865</b>	<b>1,208,057</b>
<b><i>Cash flows from investing activities:</i></b>		
Purchases/sales of investments	20,581	(17,407)
Purchases of property and equipment	(2,135,389)	(163,050)
	<hr/>	<hr/>
<b><i>Net cash used in investing activities</i></b>	<b>(2,114,808)</b>	<b>(180,457)</b>
<b><i>Cash flows from financing activities:</i></b>		
Proceeds from long-term debt obligations	-	196,914
Note payable - bond loan	1,304,076	-
Payments on long-term debt	(3,014,178)	(10,468)
	<hr/>	<hr/>
<b><i>Net cash provided by financing activities</i></b>	<b>(1,710,102)</b>	<b>186,446</b>
<b><i>Net change in cash and cash equivalents</i></b>	<b>242,955</b>	<b>1,214,046</b>
<b><i>Cash and cash equivalents, beginning</i></b>	<b>3,333,885</b>	<b>2,119,839</b>
	<hr/>	<hr/>
<b><i>Cash and cash equivalents, ending</i></b>	<b>\$ 3,576,840</b>	<b>\$ 3,333,885</b>
	<hr/>	<hr/>

*See accompanying notes to financial statements*

**BERGEN PERFORMING ARTS CENTER, INC.**

*Statement of Functional Expenses*

*For the Year Ended June 30, 2022*

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Cost of performances	\$ 2,086,137	\$ -	\$ -	\$ 2,086,137
Salaries, benefits and related payroll taxes	958,965	1,002,554	217,947	2,179,466
Bad debt expense	-	-	738,709	738,709
Depreciation expense	119,289	22,367	7,456	149,112
Amortization of financing fees	36,814	6,903	2,301	46,018
Utilities and telephone	106,172	19,907	6,636	132,715
Interest	84,058	15,761	5,254	105,073
Marketing and advertising	178,341	-	4,573	182,914
Professional fees	11,247	33,740	-	44,987
Insurance	44,679	8,377	2,792	55,848
Building maintenance	40,608	7,614	2,538	50,760
Contributed goods and services	-	-	4,250	4,250
Bank card fees	19,788	-	-	19,788
Travel and entertainment	1,968	3,936	1,968	7,872
Supplies	22,487	4,217	1,406	28,110
Equipment rentals	2,833	2,833	298	5,964
Licenses and permits	-	3,548	-	3,548
Dues and subscriptions	-	3,804	-	3,804
<b><i>Total expenses</i></b>	<b>\$ 3,713,386</b>	<b>\$ 1,135,561</b>	<b>\$ 996,128</b>	<b>\$ 5,845,075</b>

**BERGEN PERFORMING ARTS CENTER, INC.*****Statement of Functional Expenses******For the Year Ended June 30, 2021***

	<b><i>Program Services</i></b>	<b><i>General and Administration</i></b>	<b><i>Fundraising</i></b>	<b><i>Total</i></b>
Cost of performances	\$ 280,306	-	-	280,306
Salaries, benefits and related payroll taxes	346,525	362,276	78,756	787,557
Bad debt expense	-	236,360	-	236,360
Depreciation expense	104,557	19,604	6,535	130,696
Amortization of financing fees	3,820	716	239	4,775
Utilities and telephone	96,070	18,013	6,004	120,087
Interest	93,464	17,525	5,842	116,831
Special events	-	-	103,764	103,764
Marketing and advertising	76,618	-	1,965	78,583
Professional fees	13,415	40,244	-	53,659
Insurance	41,675	7,814	2,605	52,094
Building maintenance	41,324	7,748	2,583	51,655
Contributed goods and services	-	26,750	-	26,750
Bank card fees	20,089	-	-	20,089
Travel and entertainment	2,819	5,640	2,820	11,279
Supplies	7,936	1,488	496	9,920
Equipment rentals	3,566	3,566	375	7,507
Licenses and permits	-	5,945	-	5,945
Dues and subscriptions	-	4,240	-	4,240
<b><i>Total expenses</i></b>	<b>\$ 1,132,184</b>	<b>\$ 757,929</b>	<b>\$ 211,984</b>	<b>\$ 2,102,097</b>

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 1. Nature of Organization**

Bergen Performing Arts Center, Inc. (the Organization) is a not-for-profit organization created and operated for the purpose of providing cultural, performing arts, educational, and social activities for the general public. The Organization was incorporated as a 501(c)(3) nonprofit corporation in 2003 in the state of New Jersey.

To further its purposes and achieve its goals, the Organization engages in the following programs:

**Performing Arts School:** The Performing Arts School (the School) at Bergen PAC is northern New Jersey's premier arts education program. The School offers classes in a variety of performing arts disciplines and opportunities to participate in live performances and provides students of all ages and backgrounds with arts experiences that stimulate learning and spark creativity and imagination. This program was developed for young people, ages 2 months to 21 years old and, since its inception, has served thousands of students.

**Live Performances:** The Organization presents or hosts approximately 200 live shows on an annual basis, including internationally acclaimed headliners, in a variety of genres and artistic disciplines. For the six-month period of January 1, 2022 through June 30, 2022, the theater closed its operations for the renovation and restoration of its facilities.

#### **Note 2. Summary of Significant Accounting Policies**

##### ***Basis of Accounting and Financial Statement Presentation***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Standards Board (FASB). These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

##### ***Cash, Cash Equivalents, and Restricted Cash***

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 2. Summary of Significant Accounting Policies (continued)**

***Cash, Cash Equivalents, and Restricted Cash (continued)***

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,286,733	\$ 3,333,885
Restricted cash	290,107	-
Cash, cash equivalents, and restricted cash	<u>\$ 3,576,840</u>	<u>\$ 3,333,885</u>

***Accounts Receivables and Credit Policies***

Accounts receivable consist primarily of noninterest-bearing amounts due for school tuition, performance tickets and program ads. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management considers accounts receivable at June 30, 2022 and 2021, to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

***Pledges Receivable***

When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the pledge receivable. Pledges expected to be collected within one year are recorded as a donation and receivable at net realizable value, which approximates fair value.

Pledges expected to be collected in future years are recorded as a donation and receivable at the present value of the expected future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization recorded \$738,709 and \$236,360 of bad debt expense during the years ended June 30, 2022 and 2021, respectively.

***Inventory***

The Organization's inventory consists of missions-related merchandise held for sale in the concession section of the theatre. Inventory is stated at the lower of cost or market based on average cost.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (continued)**

##### ***Revenue from Contracts with Customers***

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to the Organization's customers, in an amount that reflects the consideration the Organization expects to be entitled to for those goods and services. All revenue from contracts with customers is derived from ticket sales. The performance obligation is satisfied as the service is rendered. The contracts have no significant financing component, and the consideration amount is not variable.

The Organization has prepared these financial statements on the accrual basis of accounting and has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities, Section 205, Presentation of Financial Statements, and Section 605, *Revenue Recognition*. ASC Section 958-205 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC Section 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenue.

##### ***Contributions and Grants***

Contributions are recognized at the earlier of when received or when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions 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 has been satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization recognizes contributions when cash, securities, other assets, and unconditional promises to give, or notification of a beneficial interest are received. Conditional 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.

##### ***Exchange transactions***

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (Topic 606) using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization applies Topic 606 to exchange transactions in which it receives consideration for products or services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the customers participating in the Organization's programs or using their services.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### *Note 2. Summary of Significant Accounting Policies (continued)*

##### *Tuition Revenue*

Tuition represents income received for customer participation in education programs. Fees for tuition services are set forth in the agreements with customers. Fees for tuition will vary based on program selection. Payments received in advance for education programs are recorded as contract liabilities. Advanced education payments are recorded as revenues when the education programs are completed.

##### *Advertising*

The Organization expenses advertising costs as they are incurred.

##### *Use of Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

##### *Income Taxes*

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal and state income taxes. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried out, and not for the exempt purpose of the Organization.

##### *Concentrations of Credit Risk*

The Organization maintains its cash and cash equivalent balances at financial institutions. The deposits may at times exceed the federally insured limits of \$250,000 established by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses related to its accounts.

##### *Recent Events Relating to the Disruption in the U.S. Banking System*

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. The Organization occasionally maintains cash amounts in excess of federally insured limits, which, as of June 30, 2022, amounted to \$2,004,025, and has certain concentrations in credit risk that expose the Company to risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (continued)**

##### ***Deferred Revenue***

The Organization recognizes revenues as earned. Amounts received in advance of the period in which the service is rendered are recorded as a liability under deferred revenue. These are amounts paid in advance for performances such as tickets sales and deposits on School tuition.

##### ***Investments***

Investments are recorded at fair value. Gains and losses in market value adjustments are recognized for market fluctuations.

##### ***Reclassifications***

Certain prior-year amounts have been reclassified for consistency with the current-year presentation. These reclassifications have no effect on previously reported change in net assets.

##### ***Promises to Give***

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 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.

##### ***Property and Equipment***

Property and equipment are stated at cost, or, if donated, at fair market value on the date of receipt. Maintenance, repairs, and minor renewals are expenses as incurred and major renewals are capitalized. 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

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

### **Note 2. Summary of Significant Accounting Policies (continued)**

#### ***Contributed Goods and Services***

The Organization records various types of in-kind support including contributed facilities and professional services. Contributed professional services are recognized if the services received: (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the financial statements as “contributed goods and services” are offset by amounts included in expenses or property and equipment.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

#### ***Functional Allocation of Expenses***

The costs of the programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the program and supporting services based on estimates made by management, considering the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The allocated expenses including the following:

	<u>Method of Allocation</u>
Expense:	
Salaries and benefits	Time and effort
Occupancy	Head count
Office expenses	Head count
Depreciation	Estimated usage
Interest expense	Estimated usage

#### ***Adopted Accounting Pronouncements***

The Organization has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard improves the usefulness and understandability of the Organization’s financial reporting.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (continued)**

##### ***Adopted Accounting Pronouncements (continued)***

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions, or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

On September 17, 2020, the FASB issued ASU, 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued.

##### ***New Accounting Pronouncements***

ASU 2016-02, *Leases (Topic 842)*, sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

# BERGEN PERFORMING ARTS CENTER, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 3. Government Funding**

The Organization has government revenue. 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.

	<u>2022</u>	<u>2021</u>
U.S. SBA Shuttered Venue Operators Grant	\$ 4,550,294	\$ 523,536
Payroll Protection Plan Revenue	529,265	482,252
New Jersey State Council on the Arts	194,139	253,091
New Jersey Economic Development Authority	5,000	-
U.S. Employee Retention Credits	-	67,822
	<u>\$ 5,278,698</u>	<u>\$ 1,326,802</u>

#### **Note 4. Employee Retention Credit Revenue**

The Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The ERC is considered a conditional grant, as an organization only qualifies for the transfer of assets if it has overcome the barrier of eligibility. Total ERC recognized in grant income in the statement of activities during the year ended June 30, 2021 was \$67,822.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

#### **Note 5. Paycheck Protection Loan Program**

The Organization obtained a second draw Payroll Protection Program (PPP) loan in the principal amount of \$529,265. The PPP loan, which took the form of a two-year promissory note, bears interest at a rate of 1.0% per annum. Loan forgiveness is also permitted provided the proceeds are used for eligible payroll costs, rent obligations, and covered utility payments incurred during the "covered period" following disbursement of the PPP loan.

During the year ended June 30, 2022, the Organization was notified by the SBA that these funds will not need to be repaid and the Organization recognized grant income of \$529,265. As of June 30, 2022, the Organization had no remaining PPP funds reflected as liabilities on the statement of financial position.

**BERGEN PERFORMING ARTS CENTER, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 6. Shuttered Venue Operators Grant (SVOG) – Refundable Advance**

The Organization received \$4,550,924 and \$523,536 under the Shuttered Venue Operators Grant (SVOG) for the years ended June 30, 2022 and 2021, respectively. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. It provided relief for performing arts, Organizations and other live venues that were shut down due to COVID-19 restrictions. The Organization has elected to account for the SVOG amount under FASB ASC 958-605. Under this model, the Organization has recorded the amount \$4,550,924 and \$523,536 for the years ended June 30, 2022 and 2021, respectively.

**Note 7. Commitments**

The Organization leases various kinds of office equipment with leases expiring through December 2021 at a monthly rate of \$551. The future minimum annual rental and lease commitments for the year ending June 30, 2022, is \$6,612.

**Note 8. Deferred Revenue**

Deferred revenue represents amounts received as follows:

	<u>2022</u>	<u>2021</u>
Advance ticket sales, face value	\$ 676,803	\$ 983,786
Advance ticket sales, fees	103,305	145,400
Rental deposits	75,478	25,440
Performing Arts School, tuition deposits	37,185	34,290
	<u>\$ 892,771</u>	<u>\$ 1,188,916</u>

**Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions at year-end are restricted as to time. The balance for the years ended June 30, 2022, and 2021 are \$5,628,012 and \$5,990,223, respectively.

	<u>2022</u>	<u>2021</u>
Nature of restriction:		
Capital and Endowment Fund	\$ 1,854,953	\$ 2,011,240
Capital Campaign	3,836,612	3,978,983
	<u>\$ 5,691,565</u>	<u>\$ 5,990,223</u>

**BERGEN PERFORMING ARTS CENTER, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 10. Property and Equipment**

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 227,047	\$ 227,047
Building and improvements	5,525,323	3,410,885
Equipment	1,346,270	1,332,794
Furniture and fixtures	137,747	130,271
	<u>7,236,387</u>	<u>5,100,997</u>
Less: Accumulated depreciation	<u>(2,118,514)</u>	<u>(1,969,401)</u>
	<u>\$ 5,117,873</u>	<u>\$ 3,131,596</u>

Depreciation expenses were \$149,112 and \$130,696 for the years ended June 30, 2022, and 2021, respectively.

**Note 11. 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 measurement) 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. The level 1 investments for the year ended June 30, 2022, and 2021 was \$12,946 and \$33,527, respectively.

*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.

**BERGEN PERFORMING ARTS CENTER, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 11. Fair Value Measurements (continued)**

*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.

		<b>2022</b>				
		<i>Fair Value Measurements at Reporting Date Using</i>				
		<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>		
<i>Total</i>						
Money market	\$	531				
Equities		12,415				
<b>Total</b>	<b>\$</b>	<b>12,946</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

		<b>2021</b>				
		<i>Fair Value Measurements at Reporting Date Using</i>				
		<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>		
<i>Total</i>						
Money market	\$	307	\$	-	\$	-
Equities		33,220		-		-
<b>Total</b>	<b>\$</b>	<b>33,527</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

**Note 12. Liquidity and Availability of Financial Assets**

Operating liquidity comes from performance, contracts, and contributions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of any of its excess operating cash.

**BERGEN PERFORMING ARTS CENTER, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 12.      *Liquidity and Availability of Financial Assets (continued)***

The following reflects the Organization’s financial assets as of June 30, 2022.

Cash, cash equivalents, and restricted cash	\$	3,576,840
Pledges receivable, net current		1,271,075
Government contracts receivable		116,367
Accounts receivable, net		<u>278,884</u>
<b><i>Total financial assets</i></b>	<b>\$</b>	<b><u>5,243,166</u></b>
Less: Net assets with donor restrictions		(5,691,565)
Add: Construction in progress		2,245,842
Less: Restricted cash		<u>(290,107)</u>
<b><i>Financial assets available to meet general expenditures</i></b>	<b>\$</b>	<b><u><u>1,507,336</u></u></b>

**Note 13.      *Bonds Payable and Related Issuance Costs***

On May 1, 2022, the Bergen County Improvement Authority (the Authority) issued \$5,520,000 of Series 2022A Bonds (the County Guaranteed Revenue Bonds). The Bonds are special limited obligations of the Authority and are payable solely out of the amounts received by the Authority from the Organization pursuant to the terms and provisions of the indenture and agreement. The Trustee is the Manufacturers and Traders Trust Company. The Bond is a 20-year serial bonds maturing on May 1, 2042 with a 5% interest rate on the tax exempt bonds. The proceeds of the bond are required to be used by the Organization to pay for the costs of the renovation project. The annual trustee fee is \$3,000 per year.

On May 1, 2022, the Bergen County Improvement Authority (the Authority) issued \$110,000 of Series 2022 Bonds (the County Guaranteed Revenue Bonds, Federally taxable) the interest rate was 3.22%. The maturity date of this bond is May, 1, 2023.

The future minimum payments on these obligations are as follows:

<b><i>Years ending June 30,</i></b>		
2023	\$	110,743
2024		110,743
2025		110,743
2026		110,743
Thereafter		<u>1,771,888</u>
<b><i>Total</i></b>	<b>\$</b>	<b><u><u>2,214,860</u></u></b>

**BERGEN PERFORMING ARTS CENTER, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 14. Other Commitments and Contingencies**

Regulatory agencies may initiate administrative proceedings alleging that the Organization programs, employees, or agents violate statutes and regulations and seek to impose monetary penalties on the Organization. The Organization could be required to incur significant costs to respond to regulatory investigations or defend against civil lawsuits and, if the Organization does not prevail the Organization could be required to pay substantial amounts of money in damages, settlement amounts or penalties.

The Organization is also subject to potential lawsuits under the False Claims Act and other federal and state whistleblower statutes designed to combat fraud and abuse. The Organization is also subject to employee-related claims under state and federal laws, and claims for discrimination, wrongful discharge, or retaliation. The Organization's policy is to accrue for all probable and estimable claims using information available at the time the financial statements are issued. Actual claims could settle in the future at materially different amounts due to the nature of the litigation.

**Note 15. Contributed Goods and Services**

The Organization received \$63,553 contributed goods and services from a law firm where one of the Trustees works at. The amount was capitalized as it was used to obtain a bond in the course of the construction.

**Note 16. Mortgages Payable**

As of June 30, 2021, the Organization had two mortgages payable with balances totaling \$2,862,386. In 2022, both of the mortgages were paid in full.

**Note 17. Subsequent Events**

The Organization's management has evaluated events after June 30, 2022, through April 11, 2023, which is the date the financial statements were available to be issued. There were no material subsequent events as of that date which would require disclosure in or adjustment to these financial statements.



***Independent Auditors' Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards***

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

We have audited the financial statements of Bergen Performing Arts Center, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated April 11, 2023 . We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered Bergen Performing Arts Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements 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 do not express an opinion on the effectiveness of Bergen Performing Arts Center, Inc.'s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

### ***Compliance and Other Matters***

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

This report is intended solely for the information and use of management, others within the Organization, and the Board of Trustees and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*DavisKelly LLC*

New York, New York  
April 11, 2023



***Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance***

To the Board of Directors  
Bergen Performing Arts Center, Inc.  
Englewood, New Jersey

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited Bergen Performing Arts Center, Inc. 's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bergen Performing Arts Center, Inc. 's major federal programs for the year ended June 30, 2022. Bergen Performing Arts Center, Inc. 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bergen Performing Arts Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bergen Performing Arts Center, Inc. 's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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 Bergen Performing Arts Center, Inc. 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bergen Performing Arts Center, Inc. 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bergen Performing Arts Center, Inc. 's internal control over compliance. Accordingly, no such opinion is expressed.

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

## ***Report on Internal Control over Compliance***

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

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

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

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

*DavisKelly LLC*

New York, New York  
April 11, 2023

**BERGEN PERFORMING ARTS CENTER, INC.**

*Schedule of Findings and Questioned Costs*

*For the Year Ended June 30, 2022*

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings that are required to be disclosed in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

<i><b>Name of Federal Program or Cluster</b></i>	<i><b>Contract No.</b></i>	<i><b>AL Number</b></i>	<i><b>Expenditures</b></i>
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ x No

Federal Award Tested as a Major Program

U.S. Small Business Administration Shuttered Venue Operators Grant	59.075	\$4,550,294
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**BERGEN PERFORMING ARTS CENTER, INC.**

*Schedule of Findings and Questioned Costs*

*For the Year Ended June 30, 2022*

*Section II Findings – Financial Statement Audit*

No findings were noted for the year ended June 30, 2022.

*Section III Findings and Questioned Costs – Major Federal Award Programs Audit*

No findings were noted for the year ended June 30, 2022.

**BERGEN PERFORMING ARTS CENTER, INC.**

*Schedule of Expenditures of Federal Awards*

*For the Year Ended June 30, 2022*

<i>Federal Grantor/Passed Through/Program Name</i>	<i>Contract No.</i>	<i>AL No.</i>	<i>Expenditures</i>
<i>U.S. Department of Small Business Administration</i>			
<i>Shuttered Venue Operators Grant</i>	SBAHQ21SV005753	59.075	\$ 4,550,294
<i>Economic Injury Disaster Loan</i>	SBA Loan No. 5959567905	59.075	149,900
<i>Total Expenditures of Federal Awards</i>			<u>\$ 4,700,194</u>

\*Major program

**BERGEN PERFORMING ARTS CENTER, INC.**

***Notes to Schedule of Expenditures of Federal Awards***

***For the Years Ended June 30, 2022***

***Note 1. Basis of Presentation***

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the federal grant activity of Bergen Performing Arts Center, Inc. (the Organization) under programs of federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

***Note 2. Summary of Significant Accounting Policies***

- (a) Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (b) Pass-through entity identifying numbers are presented where available.

***Note 3. Indirect Cost Rate***

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.