



# **THE BROOKLYN ACADEMY OF MUSIC, INC.**

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2016 and 2015

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

THE BROOKLYN ACADEMY OF MUSIC, INC.

FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2016 AND 2015

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
The Brooklyn Academy of Music, Inc.

We have audited the accompanying financial statements of The Brooklyn Academy of Music, Inc. ("BAM") which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brooklyn Academy of Music, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (shown on pages 14-15) for the years ended June 30, 2016 and 2015, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects when considered in relation to the financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
December 19, 2016

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C, 8A and 15)	\$ 800,429	\$ 1,630,350
Accounts and other receivables (Note 2J)	382,470	1,004,631
Government receivables, net (Note 2J)	2,166,702	724,734
Pledges receivable, net (Notes 2F, 2J and 4)	14,968,641	17,057,817
Prepaid expenses and other current assets (Note 9)	1,379,098	1,587,949
Property and equipment, net (Notes 2G and 5)	17,945,456	16,626,132
Beneficial interest in BAM Endowment Trust (Notes 2K, 6, 10, 11 and 15)	91,574,003	99,346,428
<b>TOTAL ASSETS</b>	<b>\$ 129,216,799</b>	<b>\$ 137,978,041</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses, net (Note 9)	\$ 6,167,410	\$ 5,761,129
Due to BAM Endowment Trust (Note 6)	975,000	131,806
Line of credit (Note 7)	1,750,000	-
Deferred revenue (Note 2D)	1,152,651	1,018,538
<b>TOTAL LIABILITIES</b>	<b>10,045,061</b>	<b>6,911,473</b>
<b>COMMITMENTS AND CONTINGENCIES (Notes 7 and 14)</b>		
<b>NET ASSETS (Note 2E):</b>		
Unrestricted:		
General operations	(1,128,340)	46,956
Cultural Institutions Retirement System (Note 9)	(1,925,066)	(2,028,059)
Net investment in property and equipment (Notes 2G and 5)	17,136,534	15,985,249
Total unrestricted	14,083,128	14,004,146
Temporarily restricted (Note 11)	20,567,411	33,221,414
Permanently restricted (Note 10)	84,521,199	83,841,008
<b>TOTAL NET ASSETS</b>	<b>119,171,738</b>	<b>131,066,568</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 129,216,799</b>	<b>\$ 137,978,041</b>

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
<b>OPERATING ACTIVITIES</b> (Note 2M):								
<b>OPERATING REVENUE:</b>								
Support:								
Special events revenue (Note 2H)	\$ 1,292,765	\$ 123,000	\$ -	\$ 1,415,765	\$ 3,041,156	\$ 5,000	\$ -	\$ 3,046,156
Less: direct special event expenses	(188,689)	-	-	(188,689)	(659,785)	-	-	(659,785)
Special events, net	1,104,076	123,000	-	1,227,076	2,381,371	5,000	-	2,386,371
The City of New York (Note 12)	2,948,626	-	-	2,948,626	3,036,264	-	-	3,036,264
New York State	27,383	174,500	-	201,883	148,416	155,000	-	303,416
Federal government	972,908	50,000	-	1,022,908	907,407	55,000	-	962,407
Private sector (Notes 2H and 3)	19,757,594	3,911,071	-	23,668,665	16,801,978	7,969,438	-	24,771,416
Distribution from BAM Endowment Trust (Note 6)	4,359,525	-	-	4,359,525	3,894,962	-	-	3,894,962
Net assets released from restrictions (Note 11)	7,401,043	(7,401,043)	-	-	7,711,673	(7,711,673)	-	-
Total Support	36,571,155	(3,142,472)	-	33,428,683	34,882,071	472,765	-	35,354,836
Earned Revenue:								
Performance and co-presenter income	14,635,865	-	-	14,635,865	17,648,122	-	-	17,648,122
BAM Rose Cinema	4,064,544	-	-	4,064,544	4,029,366	-	-	4,029,366
Rentals, BAMart sales, interest and other income	3,042,420	-	348	3,042,768	2,793,307	-	296	2,793,603
Total Earned Revenue	21,742,829	-	348	21,743,177	24,470,795	-	296	24,471,091
<b>TOTAL OPERATING REVENUE</b>	<b>58,313,984</b>	<b>(3,142,472)</b>	<b>348</b>	<b>55,171,860</b>	<b>59,352,866</b>	<b>472,765</b>	<b>296</b>	<b>59,825,927</b>
<b>OPERATING EXPENSE:</b>								
Program services	47,336,702	-	-	47,336,702	48,262,105	-	-	48,262,105
Management and general	4,031,947	-	-	4,031,947	4,160,707	-	-	4,160,707
Fundraising	7,260,953	-	-	7,260,953	5,990,419	-	-	5,990,419
<b>TOTAL OPERATING EXPENSE</b> (Note 13)	<b>58,629,602</b>	<b>-</b>	<b>-</b>	<b>58,629,602</b>	<b>58,413,231</b>	<b>-</b>	<b>-</b>	<b>58,413,231</b>
<b>RESULTS FROM OPERATIONS</b>	<b>(315,618)</b>	<b>(3,142,472)</b>	<b>348</b>	<b>(3,457,742)</b>	<b>939,635</b>	<b>472,765</b>	<b>296</b>	<b>1,412,696</b>
<b>NON OPERATING ACTIVITIES</b> (Note 2L):								
Depreciation and amortization expense (Note 5)	(1,978,143)	-	-	(1,978,143)	(1,939,923)	-	-	(1,939,923)
Net assets released from restriction for capital projects (Note 11)	1,059,263	(1,059,263)	-	-	1,054,284	(1,054,284)	-	-
New York City Economic Development Corporation capital grant	1,445,663	-	-	1,445,663	328,247	-	-	328,247
(Decrease) increase in beneficial interest in BAM Endowment Trust (Note 6)	-	(8,452,268)	679,843	(7,772,425)	-	(2,719,781)	5,260,446	2,540,665
<b>TOTAL NON OPERATING ACTIVITIES</b>	<b>526,783</b>	<b>(9,511,531)</b>	<b>679,843</b>	<b>(8,304,905)</b>	<b>(557,392)</b>	<b>(3,774,065)</b>	<b>5,260,446</b>	<b>928,989</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES</b>	<b>211,165</b>	<b>(12,654,003)</b>	<b>680,191</b>	<b>(11,762,647)</b>	<b>382,243</b>	<b>(3,301,300)</b>	<b>5,260,742</b>	<b>2,341,685</b>
Cultural Institutions Retirement System (Note 9)	(132,183)	-	-	(132,183)	(2,028,059)	-	-	(2,028,059)
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>78,982</b>	<b>(12,654,003)</b>	<b>680,191</b>	<b>(11,894,830)</b>	<b>(1,645,816)</b>	<b>(3,301,300)</b>	<b>5,260,742</b>	<b>313,626</b>
Net Assets - Beginning of Year	14,004,146	33,221,414	83,841,008	131,066,568	15,649,962	36,522,714	78,580,266	130,752,942
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 14,083,128</b>	<b>\$ 20,567,411</b>	<b>\$ 84,521,199</b>	<b>\$ 119,171,738</b>	<b>\$ 14,004,146</b>	<b>\$ 33,221,414</b>	<b>\$ 83,841,008</b>	<b>\$ 131,066,568</b>

The accompanying notes are an integral part of these financial statements.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (11,894,830)	\$ 313,626
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,978,143	1,939,923
Increase in beneficial interest in BAM Endowment Trust	7,772,425	(2,540,665)
Bad debt expense	345,387	13,796
Change in discount on pledges receivable	(181,564)	(989)
Interest - permanently restricted	(348)	(296)
Subtotal	(1,980,787)	(274,605)
Decrease (increase) in assets:		
Accounts and other receivables	622,161	(218,618)
Government receivables	(1,441,968)	(83,291)
Pledges receivable	1,925,353	1,810,246
Prepaid expenses and other current assets	208,851	247,590
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	406,281	2,310,034
Due to BAM Endowment Trust	843,194	(968,194)
Deferred revenue	134,113	(283,222)
<b>Net Cash Provided by Operating Activities</b>	<b>717,198</b>	<b>2,539,940</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of property and equipment	(3,570,518)	(2,363,655)
Disposal of property and equipment	273,051	-
<b>Net Cash Used in Investing Activities</b>	<b>(3,297,467)</b>	<b>(2,363,655)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on line of credit, net	1,750,000	-
Interest - permanently restricted	348	296
<b>Net Cash Provided by Financing Activities</b>	<b>1,750,348</b>	<b>296</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(829,921)</b>	<b>176,581</b>
Cash and cash equivalents - beginning of the year	1,630,350	1,453,769
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 800,429</b>	<b>\$ 1,630,350</b>

The accompanying notes are an integral part of these financial statements.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Brooklyn Academy of Music, Inc. (“BAM”), founded in 1861, is a not-for-profit performing arts center located in the Fort Greene section of Brooklyn, New York. The primary mission of BAM is to be the home for adventurous artists, audiences and ideas.

BAM is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and similar provisions at the New York State and City level.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **Basis of Accounting** – The financial statements of BAM have been prepared on the accrual basis of accounting. BAM adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- C. **Cash and Cash Equivalents** – BAM considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. BAM has established a working capital reserve fund to be utilized to relieve cash shortfalls within the operating cycle.
- D. **Deferred Revenue** – BAM receives advances for ticket sales and records these sales as deferred revenue.
- E. **Net Assets** – BAM accounts for and reports its net assets based upon the existence or absence of donor-imposed restrictions. Unrestricted net assets include BAM’s net investment in property and equipment. Temporarily restricted net assets are those whose donor-imposed restrictions as to a specific purpose or time have not been met. Permanently restricted net assets are those with donor-imposed restrictions on the corpus of the gifts specifying they be maintained in perpetuity. Certain of the permanently restricted net assets require that earnings be restricted permanently. However, they do provide for BAM to access such earnings for short-term working capital needs provided such funds are restored within specified time periods as further discussed in Note 10. Unrestricted net assets include all resources that are not subject to donor-imposed restrictions. Temporarily restricted net assets that have been both earned and have had their restrictions met in the current year are recorded as unrestricted net assets.
- F. **Pledges Receivable** – Pledges are recorded as revenue when the pledge is made. Long-term pledges are considered implicitly time restricted. BAM discounts long-term pledges using a risk-adjusted interest rate (ranging from 1.2% to 2.9%) for the expected term of the promise to give applicable to the years in which the pledges are received. As of June 30, 2016 and 2015, the discount on pledges receivable amounted to \$277,438 and \$459,002, respectively.
- G. **Property and Equipment** – Property and equipment is recorded at cost. Such amounts do not purport to represent replacement values. BAM capitalizes property and equipment, provided such acquisitions are \$10,000 or more and have a useful life of at least three years. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Amortization of leasehold improvements is charged at the lesser of the life of the improvements or the lease.

The range of estimated useful lives follows:

Furniture and equipment	3-25 years
Capital additions and leasehold improvements	5-25 years
Commercial condominium	40 years



**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- H. **Contributions in-Kind** – BAM records contributed goods and services at their fair value on the date of receipt. Donated goods and services amounted to \$477,106 and \$498,330 for the years ended June 30, 2016 and 2015, respectively. Donated goods for the years ended June 30, 2016 and 2015 include: floral décor, works of art, rental pianos, furniture, beverages, food, and gifts for attendees of special events, amounting to \$386,246 and \$424,044, respectively. Donated services for the years ended June 30, 2016 and 2015 include: consulting and DJ services, amounting to \$90,860 and \$74,285, respectively. These donations are reflected under private sector support at \$435,488 and \$473,955 and special events of \$41,618 and \$24,375 in the accompanying statements of activities for the years ended June 30, 2016 and 2015, respectively. BAM has three facilities in Brooklyn in which it carries out its activities. These facilities are provided at a nominal charge by The City of New York (“the City”) through long-term leases or license agreements. BAM, like many cultural institutions, does not reflect the value of the use of the long-lived assets as contributions in-kind, since to do so would be impracticable.
- I. **Allocation of Expenses** – The costs of program and supporting services have been summarized on a functional basis (excluding depreciation and amortization and direct expenses for special events) in the statements of activities. Certain indirect costs have been allocated by management between program and supporting services based on a percentage of direct program expenses. Note 13 provides expenses by functional category inclusive of depreciation and amortization.
- J. **Allowance for Doubtful Accounts** – BAM’s management evaluates the need for an allowance for doubtful accounts applicable to its accounts based on various factors including an assessment of the creditworthiness of its donors, agings of the amounts due and historical experience. As of June 30, 2016 and 2015, BAM’s management determined that no allowance was necessary for pledges receivable and accounts and other receivables. BAM’s management also determined that an allowance for doubtful accounts of \$46,135 was necessary for government receivables for each of the years ended June 30, 2016 and 2015.
- K. **Fair Value** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 15.
- L. **Operating and Non-Operating Activities** – BAM’s non-operating activities include: depreciation and amortization, capital grants and the change in value of its beneficial interest in the BAM Endowment Trust.

**NOTE 3 – PRIVATE SECTOR SUPPORT**

Private sector support consisted of the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Corporations	\$ 3,260,577	\$ 3,375,233
Foundations	11,432,443	12,041,685
Individuals	8,358,593	8,879,553
Donated goods and services	435,488	473,955
Change in net present value discount	<u>181,564</u>	<u>989</u>
Total private sector support	<u>\$ 23,668,665</u>	<u>\$ 24,771,416</u>

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable due in more than one year are recorded at the net present value, determined using a discount rate commensurate with the rate on U.S. Treasury Bills. The discount rates range from 1.2 percent to 2.9 percent. Amortization of the discount is reflected as contribution revenue in the accompanying financial statements. Restricted pledges are reported as additions to the appropriate restricted net asset balances.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 4 – PLEDGES RECEIVABLE (Continued)**

Pledges from various corporations, foundations and individuals consisted of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Pledges due:		
Within one year	\$ 7,814,254	\$ 9,241,659
In one to five years	7,181,825	7,875,160
In five to ten years	<u>250,000</u>	<u>400,000</u>
Gross pledges receivable	15,246,079	17,516,819
Discount for net present value	<u>(277,438)</u>	<u>(459,002)</u>
Net pledges receivable	<u>\$ 14,968,641</u>	<u>\$ 17,057,817</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<u>2016</u>	<u>2015</u>
General construction in progress	\$ 5,174,824	\$ 2,403,865
Capital additions and leasehold improvements	16,850,628	16,669,961
Furniture and equipment	5,242,194	4,637,945
Marquee and parking lots	301,192	656,926
Works of art	250,000	250,000
Commercial condominium	<u>2,455,533</u>	<u>2,455,533</u>
Total Cost	30,274,371	27,074,230
Less: accumulated depreciation and amortization	<u>(12,328,915)</u>	<u>(10,448,098)</u>
Net book value	<u>\$ 17,945,456</u>	<u>\$ 16,626,132</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 amounted to \$1,978,143 and \$1,939,923, respectively. During the year ended June 30, 2016 BAM disposed of fixed assets and as a result of disposal wrote off accumulated depreciation amounting to \$97,326.

Included in construction in progress as of June 30, 2016, was general operating improvements to various BAM facilities as well as the Fulton Street Redevelopment Project. Construction is expected to be completed by October 2017 with an estimated cost of \$34 million.

**NOTE 6 – BENEFICIAL INTEREST IN THE BAM ENDOWMENT TRUST**

The BAM Endowment Trust (“BET”) was incorporated as a tax-exempt organization in 1992 to operate exclusively for the benefit and purposes of BAM. The endowment campaign of BET raises permanently restricted contributions that generate investment earnings. An annual distribution of BET’s investment income is made to BAM. All BET financial activity is maintained in a separate corporation with independently audited financial statements. The by-laws of BET state that the majority of its Board members cannot be affiliated with BAM’s Board of Trustees.

Since BAM and BET are financially interrelated organizations, in that the certificate of incorporation and bylaws of BET limit its activities to those that are beneficial to BAM and BAM has an ongoing economic interest in the net assets of BET, BAM recognizes its interest in the change in the net assets of BET as increases or decreases in BAM’s restricted net assets.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 6 – BENEFICIAL INTEREST IN THE BAM ENDOWMENT TRUST (Continued)**

BET adheres to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). BET recognizes that NYPMIFA permits the Board of Trustees to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five year average of such endowment funds.

The Board of Trustees of BAM has interpreted NYPMIFA as allowing BAM to appropriate for expenditure or accumulate so much of an endowment fund as BAM determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. See Note 2E for the accounting treatment of net assets.

BAM's interest in the resources held by BET changed as follows during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Beneficial interest, beginning of year	\$ 99,346,428	\$ 96,805,763
Change in BET permanently restricted net assets	679,843	5,260,446
Change in BET temporarily restricted net assets	<u>(8,452,268)</u>	<u>(2,719,781)</u>
Beneficial interest, end of year	<u>\$ 91,574,003</u>	<u>\$ 99,346,428</u>

The unrestricted and temporarily restricted earnings held by BET are temporarily restricted by BAM, since BAM cannot determine the timing and amount of the distribution from BET.

BAM owes BET \$975,000 and \$131,806 representing funds temporarily held in BAM as of June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, BAM received a management fee of \$200,000 for services performed on behalf of BET by BAM employees.

During the years ended June 30, 2016 and 2015, BET appropriated \$4,359,525 and \$3,894,962, respectively, as the annual minimum distribution to BAM. This amount is reflected as revenue in the accompanying statements of activities.

**NOTE 7 – LINE OF CREDIT**

BAM has a line of credit with a bank with a maximum borrowing limit in the amount of \$3,900,000 as of June 30, 2016. Loan proceeds obtained under this agreement are to be used to finance working capital. The line of credit bears interest at LIBOR plus .50 percent. Amounts which may be drawn down from the line of credit are subject to limitations based upon the balances of accounts receivable and unconditional promises to give to secure borrowing. The bank has a first priority security interest in all present and future assets of BAM. As of June 30, 2016 and 2015, the outstanding balance on the line of credit amounted to \$1,750,000 and \$0, respectively.

**NOTE 8 – CONCENTRATIONS**

- A. Cash and cash equivalents that potentially subject BAM to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest-bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2016 and 2015 there was approximately \$790,000 and \$2,360,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.
- B. A number of BAM's employees are covered by collective bargaining agreements as of June 30, 2016 and 2015, respectively. The agreements stipulate wage levels and differentials, participation in group health and dental plans and certain policies with regard to paid time off and leave policies, work hours and schedules, personnel policies including grievance, as well as discharge and discipline procedures.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 9 – PENSION AND OTHER RETIREMENT PLAN**

All eligible BAM employees are members of The Cultural Institutions Retirement System (“CIRS”) Pension, 401(k) Savings, and Group Life and Welfare Benefits plans. Because the CIRS Pension Plan is a multiemployer plan, certain information with respect to vested and non-vested benefits, as well as plan assets relating to BAM’s employees, is not readily available. Pension and 401(k) expense for the years ended June 30, 2016 and 2015 amounted to \$1,664,708 and \$1,330,119, respectively, of which \$244,887 and \$198,524, respectively, was funded by an appropriation from the City (Note 12).

The risks of participating in multiemployer pension plans are different from single-employer plans in that: assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and if BAM stops participating in the multiemployer plan, BAM may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. BAM has no plans to withdraw.

BAM’s participation in the Plan is outlined in the table below. The Pension Protection Act (“PPA”) Zone Status available in the Company’s year ended June 30, 2016 and 2015 financial statement is for the Plan’s year ended June 30, 2016 and 2015. The zone status is based on information obtained from the Plan and is certified by the Plan’s actuary. Among other factors, plans in the red zone are generally less than 65% funded.

Based on the Plan’s annual report on Form 5500, the Plan was 96.7% funded and certified as green for its plan year beginning July 1, 2016. The “FIP/RP Status Pending/Implemented” column indicates if a funding improvement plan (“FIP”) or a rehabilitation plan (“RP”) is either pending or has been implemented.

According to the annual report on Form 5500, the Plan’s actuary certified that for the Plan year beginning July 1, 2016, the Plan was not in endangered or critical status.

	Employer Identification Number	Pension Plan Number	PPA Zone Status July 1, 2016	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreements
Pension Plan The Cultural Institutions Pension Plan	11-2001170	001	Green	No	No	June 30, 2020

In fiscal year 2015, the City of New York notified BAM that for fiscal years 2007-2012, the Cultural Institutions Retirement System (“CIRS”) had erroneously billed the City for prior pension costs that should have been paid by BAM. The total amount of overpayment by the City of New York was \$2,351,758. The City of New York has agreed to allow BAM to repay this amount over a period of 10 years, starting July 1, 2015. For the years ended June 30, 2016 and 2015, respectively, the liability of \$1,925,066 and \$2,028,059 is reflected as part of the accounts payable and accrued expenses balance in the accompanying statements of financial position. The corresponding expense is shown as a non-operating activity on the statements of activities. BAM has also added an unrestricted net assets category on the statements of financial position to reflect this transaction.

Effective September 1, 2011, BAM established a Section 457(b) deferred compensation plan for the benefit of its executives (the “Plan”). The annual contributions to the Plan are determined by each participant. Contributions to this Plan amounted to \$85,323 and \$31,197 for the years ended June 30, 2016 and 2015, respectively. Included in prepaid expenses and other current assets and accounts payable and accrued expenses is \$178,528 and \$93,216 as of June 30, 2016 and 2015, respectively, relating to this Plan.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
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**NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets amounted to \$84,521,199 and \$83,841,008 as of June 30, 2016 and 2015, respectively, and represent \$1,814,605 and \$1,814,257 of BAM's working capital reserve fund, as well as \$82,706,594 and \$82,026,751 of BAM's beneficial interest in the permanently restricted net assets of the BAM Endowment Trust ("BET"). The working capital reserve fund is available for use by BAM to cover short-term working capital needs. The working capital reserve fund must be fully funded for at least thirty consecutive days during the fiscal year. The working capital reserve fund, and any appreciation and earnings, are restricted for working capital in perpetuity.

**NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS**

BAM's temporarily restricted net assets consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Benefits, galas and special events	\$ 123,000	\$ 61,001
Capital Improvements	540,634	481,703
Cinema	42,500	50,000
Dance	857,000	1,107,500
Education	590,907	1,171,500
Fulton Street Redevelopment Project	5,952,539	6,750,402
Next Wave	379,200	559,903
Opera and music	1,187,500	232,000
Other	1,922,738	1,506,702
Theater	87,500	445,000
Time restricted: to be used for general purposes	16,484	3,536,026
Beneficial interest in BAM Endowment Trust	<u>8,867,409</u>	<u>17,319,677</u>
Total temporarily restricted net assets	<u>\$ 20,567,411</u>	<u>\$ 33,221,414</u>

During the years ended June 30, 2016 and 2015, BAM released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	<u>2016</u>	<u>2015</u>
Benefits, galas and special events	\$ 61,001	\$ 94,000
Capital Improvements	61,098	83,596
Cinema	307,500	320,000
Dance	257,500	-
Education	731,892	1,803,521
Next Wave	334,903	455,000
Opera and music	-	775,000
Other	1,356,241	846,955
Theater	445,000	100,000
Time restricted: to be used for general purposes	<u>3,845,908</u>	<u>3,233,600</u>
Net assets released from restrictions for operations	<u>7,401,043</u>	<u>7,711,673</u>
Fulton Street Redevelopment Project	1,047,863	1,035,942
South Site Project	<u>11,400</u>	<u>18,342</u>
Total net assets released from restrictions	<u>\$ 8,460,306</u>	<u>\$ 8,765,957</u>

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
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**NOTE 12 – PUBLIC SUPPORT APPROPRIATIONS FROM THE CITY OF NEW YORK**

In connection with its operations, BAM has received the following appropriations from The City of New York (the “City”) for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Operations	\$ 2,017,395	\$ 2,108,161
Energy	656,344	704,579
Cultural Institutions Retirement System (Note 10)	<u>244,887</u>	<u>198,524</u>
Subtotal: New York City Department of Cultural Affairs	2,918,626	3,011,264
New York City Department for the Aging	10,000	5,000
Borough of Brooklyn	<u>20,000</u>	<u>20,000</u>
Total appropriation from The City of New York	<u>\$ 2,948,626</u>	<u>\$ 3,036,264</u>

**NOTE 13 – FUNCTIONAL ALLOCATION OF EXPENSES**

For the years ended June 30, 2016 and 2015, expenses by functional program (inclusive of depreciation and direct expenses of special events) are as follows:

	<u>2016</u>	<u>2015</u>
Program services	\$ 48,936,453	\$ 49,874,966
Management and general	4,168,207	4,299,753
Fundraising	<u>7,691,773</u>	<u>6,838,220</u>
Total expenses by functional program	<u>\$ 60,796,433</u>	<u>\$ 61,012,939</u>

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

- A. In 1973, BAM entered into an agreement with the City to lease for a nominal amount the premises known as The Peter Jay Sharp Building for ninety-nine years. In November 2016, BAM entered into a 25-year license agreement with the City to operate the BAM Harvey Lichtenstein Theater at a nominal fee. In December 2013, BAM entered into a 25-year license agreement with the City to operate the BAM Richard B. Fisher Building at a nominal fee. These 25-year license agreements have one 25-year renewal option. BAM has the responsibility to provide and pay for all services, ordinary maintenance and repairs of these three premises. BAM, however, receives annual public support appropriations from the City to offset a portion of these costs (Note 12).
- B. Government supported projects are subject to audit by the applicable government granting agencies.
- C. During the normal course of business, BAM is a defendant with respect to various claims involving accidents and other issues. Management and counsel believe the ultimate resolution of these pending claims will not have a material impact on the financial position and changes in net assets of BAM.
- D. BAM believes it has no uncertain tax positions as of June 30, 2016 and 2015 in accordance with Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes* which provides standards for establishing and classifying any tax provision for uncertain tax positions.

**THE BROOKLYN ACADEMY OF MUSIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – FAIR VALUE MEASUREMENTS**

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, BAM utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets and liabilities are carried at fair value at June 30, 2016 are classified as Level 1, Level 2 and Level 3 in the table as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>2016</u>
ASSETS CARRIED AT FAIR VALUE			
Cash equivalents – money market funds	\$ 19,520	\$ -	\$ 19,520
Beneficial interest in the BAM Endowment Trust	<u>-</u>	<u>91,574,003</u>	<u>91,574,003</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 19,520</u>	<u>\$ 91,574,003</u>	<u>\$ 91,593,523</u>

Financial assets and liabilities are carried at fair value at June 30, 2015 are classified as Level 1, Level 2 and Level 3 in the table as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>2015</u>
ASSETS CARRIED AT FAIR VALUE			
Cash equivalents – money market funds	\$ 19,165	\$ -	\$ 19,165
Beneficial interest in the BAM Endowment Trust	<u>-</u>	<u>99,346,428</u>	<u>99,346,428</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 19,165</u>	<u>\$ 99,346,428</u>	<u>\$ 99,365,593</u>

The reconciliation of the alternative investments measured at estimated fair value classified as Level 3 follows for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 99,346,428	\$ 96,805,763
Additions	2,091,980	6,589,078
Expenses	(5,053,197)	(4,709,672)
Unrealized gain/(loss)	(4,435,011)	(858,565)
Realized gain/(loss)	<u>(376,197)</u>	<u>1,519,824</u>
Balance, end of year	<u>\$ 91,574,003</u>	<u>\$ 99,346,428</u>

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through December 19, 2016, the date the financial statements were available to be issued.

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FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES												SUPPORTING SERVICES			Total Expenses 2016	Total Expenses 2015			
	Next Wave	Theater	Opera	Dance	Dance Africa	Music	Education	Ancillary	Rose Cinema	Rentals	Programming & General Management	Marketing	Operations	Total Program Services	Management & General			Fundraising	Total Supporting Services	
<b>SALARIES AND BENEFITS:</b>																				
Salaries and other personnel costs	\$ 2,217,285	\$ 1,902,696	\$ 305,544	\$ 459,521	\$ 167,855	\$ 197,070	\$ 1,484,065	\$ 348,742	\$ 1,459,077	\$ 1,233,004	\$ 5,711,126	\$ 3,911,814	\$ -	\$ 19,397,799	\$ 2,357,591	\$ 3,907,965	\$ 6,265,556	\$ 25,663,355	\$ 24,445,108	
Payroll taxes and employee benefits	874,356	779,243	142,205	176,685	70,378	84,808	507,414	127,852	385,704	412,737	1,420,399	1,270,307	-	6,252,088	577,889	1,039,170	1,617,059	7,869,147	7,574,298	
<b>Total Salaries and Benefits</b>	<b>3,091,641</b>	<b>2,681,939</b>	<b>447,749</b>	<b>636,206</b>	<b>238,233</b>	<b>281,878</b>	<b>1,991,479</b>	<b>476,594</b>	<b>1,844,781</b>	<b>1,645,741</b>	<b>7,131,525</b>	<b>5,182,121</b>	<b>-</b>	<b>25,649,887</b>	<b>2,935,480</b>	<b>4,947,135</b>	<b>7,882,615</b>	<b>33,532,502</b>	<b>32,019,406</b>	
<b>OTHER EXPENSES:</b>																				
Company and artist fees	2,174,662	1,883,847	436,160	648,145	40,100	570,133	257,823	458,093	15,000	-	-	-	-	6,483,963	-	25,655	25,655	6,509,618	9,104,292	
Production expenses	421,560	1,304,091	59,874	139,274	41,070	43,298	72,560	383,907	113,831	39,236	66,039	16,483	71,716	2,772,939	8,205	44,941	53,146	2,826,085	2,166,225	
Travel, hotel and per diem	544,878	889,589	383,276	462,917	94,442	28,591	105,421	210,383	53,304	3,936	18,821	8,830	15,396	2,819,784	20,447	40,653	61,100	2,880,884	2,407,406	
Freight	136,579	20,944	57,945	32,787	6,033	1,103	10,483	8,295	500	6,443	3,120	-	4,905	289,137	-	1,843	1,843	290,980	247,228	
Consultants and production fees	88,486	100,048	71,068	7,123	43,000	-	468,378	128,145	61,079	2,172	143,551	95,214	79,909	1,288,173	72,398	93,639	166,037	1,454,210	1,189,703	
Professional fees	-	-	-	9,000	6,500	-	-	450	-	-	850	28,765	830	46,395	209,644	-	209,644	256,039	158,950	
Advertising and promotion	719,213	873,071	-	4,858	56,372	42,712	145,335	86,101	246,620	535	5,992	112,617	990	2,294,416	4,259	332,997	337,256	2,631,672	3,172,266	
Film rental	-	-	-	-	-	-	2,814	2,641	1,510,527	-	-	-	-	1,515,982	-	-	-	1,515,982	1,483,220	
Cinema concessions	-	-	-	-	-	-	13,592	-	136,191	5,440	-	-	-	155,223	108	-	108	155,331	140,501	
Hospitality and special events	114	6,638	133	6,826	8,094	2,250	95,229	46,965	85,089	7,128	19,225	1,470	2,875	282,036	28,649	667,195	695,844	977,880	1,007,468	
Patron services	-	-	-	48	-	-	678	328	370	-	1,079	5,643	733	8,879	2,427	35,093	37,520	46,399	27,866	
Human resources and personnel training	-	-	-	2,000	170	-	1,150	-	-	-	10,300	17,261	38,765	69,646	117,179	1,470	118,649	188,295	237,173	
Occupancy costs	-	-	-	7	15	-	-	-	-	-	-	-	833,851	833,873	-	1,375	1,375	835,248	943,911	
Building maintenance	-	-	-	-	30,519	-	-	7,545	7,337	3,393	367	664	723,456	773,281	167	22,462	22,629	795,910	770,100	
Acquisitions of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,990	
Computers, service, supplies	-	-	-	876	-	-	3,839	22,776	441	-	4,896	54,481	436,045	523,354	11,155	21,586	32,741	556,095	470,403	
Telecommunications	-	-	-	1,182	-	-	2,710	35	1,490	-	6,874	1,940	141,795	156,026	1,753	2,505	4,258	160,284	152,308	
Office supplies	-	-	-	4,867	-	-	21,199	1,032	40,319	517	257,554	36,059	118,228	479,775	10,159	23,219	33,378	513,153	555,277	
Postage and shipping	61,444	57,402	162	1,492	5,284	268	10,942	8,213	76,310	307	9,877	20,964	5,037	257,702	6,981	106,182	113,163	370,865	422,313	
Insurance expense	8,885	9,546	582	1,313	2,004	1,467	4,945	5,206	26,096	5,927	-	(97)	(5,152)	60,722	158,872	-	158,872	219,594	231,989	
Bank and other finance Charges	73	-	-	563	-	-	-	55	-	-	-	-	47	738	200,651	102	200,753	201,491	212,987	
Bad debts	-	733	-	-	-	-	470	-	-	-	-	958	-	2,161	15,466	327,760	343,226	345,387	13,796	
Organizational contributions	-	-	-	-	-	-	-	2,500	-	-	759	-	-	3,259	859	1,262	2,121	5,380	18,941	
Miscellaneous	133,490	173,321	18,788	42,151	33,414	31,789	26,765	36,886	120,223	3,783	97,006	57,844	329,237	1,104,697	34,308	221,313	255,621	1,360,318	1,255,512	
Operations allocation	370,631	401,771	74,103	100,510	30,392	50,389	162,483	94,711	217,904	86,597	390,557	283,269	(2,798,663)	(535,346)	192,780	342,566	535,346	-	-	
<b>Total expenses before depreciation and direct expenses for special events</b>	<b>7,751,656</b>	<b>8,402,940</b>	<b>1,549,840</b>	<b>2,102,145</b>	<b>635,642</b>	<b>1,053,878</b>	<b>3,398,295</b>	<b>1,980,861</b>	<b>4,557,412</b>	<b>1,811,155</b>	<b>8,168,392</b>	<b>5,924,486</b>	<b>-</b>	<b>47,336,702</b>	<b>4,031,947</b>	<b>7,260,953</b>	<b>11,292,900</b>	<b>58,629,602</b>	<b>58,413,231</b>	
Depreciation expense and amortization	261,968	283,979	52,377	71,042	21,482	35,616	114,846	66,943	154,019	61,208	276,052	200,219	-	1,599,751	136,260	242,132	378,392	1,978,143	1,939,923	
Direct expenses for special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	188,688	188,688	188,688	659,785	
<b>Total Expenses</b>	<b>\$ 8,013,624</b>	<b>\$ 8,686,919</b>	<b>\$ 1,602,217</b>	<b>\$ 2,173,187</b>	<b>\$ 657,124</b>	<b>\$ 1,089,494</b>	<b>\$ 3,513,141</b>	<b>\$ 2,047,804</b>	<b>\$ 4,711,431</b>	<b>\$ 1,872,363</b>	<b>\$ 8,444,444</b>	<b>\$ 6,124,705</b>	<b>\$ -</b>	<b>\$ 48,936,453</b>	<b>\$ 4,168,207</b>	<b>\$ 7,691,773</b>	<b>\$ 11,859,980</b>	<b>\$ 60,796,433</b>	<b>\$ 61,012,939</b>	



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FOR THE YEAR ENDED JUNE 30, 2015  
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FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES										SUPPORTING SERVICES					Total Expenses 2015	Total Expenses 2014		
	Next Wave	Theater	Opera	Dance	Dance Africa	Music	Education	Ancillary	Rose Cinema	Rentals	Programming & General Management	Marketing	Operations	Total Program Services	Management & General			Fundraising	Total Supporting Services
<b>SALARIES AND BENEFITS:</b>																			
Salaries and other personnel costs	\$ 2,464,550	\$ 1,313,274	\$ 325,481	\$ 886,648	\$ 190,585	\$ 363,562	\$ 1,338,739	\$ 376,299	\$ 1,410,799	\$ 803,811	\$ 5,288,486	\$ 4,057,554	\$ -	\$ 18,819,788	\$ 2,473,828	\$ 3,151,492	\$ 5,625,320	\$ 24,445,108	\$ 22,228,653
Payroll taxes and employee benefits	896,702	475,216	134,681	342,676	67,195	137,572	498,130	129,294	331,427	330,569	1,577,766	1,249,202	-	6,170,430	556,099	847,769	1,403,868	7,574,298	7,282,585
<b>Total Salaries and Benefits</b>	<b>3,361,252</b>	<b>1,788,490</b>	<b>460,162</b>	<b>1,229,324</b>	<b>257,780</b>	<b>501,134</b>	<b>1,836,869</b>	<b>505,593</b>	<b>1,742,226</b>	<b>1,134,380</b>	<b>6,866,252</b>	<b>5,306,756</b>	<b>-</b>	<b>24,990,218</b>	<b>3,029,927</b>	<b>3,999,261</b>	<b>7,029,188</b>	<b>32,019,406</b>	<b>29,511,238</b>
<b>OTHER EXPENSES:</b>																			
Company and artist fees	3,046,152	1,924,894	1,034,792	1,214,285	6,000	777,750	240,901	773,587	31,293	430	-	-	-	9,050,084	-	54,208	54,208	9,104,292	5,768,020
Production expenses	588,908	477,721	50,385	194,332	50,601	157,454	62,033	164,903	106,895	12,641	81,138	16,624	74,503	2,038,138	10,062	118,025	128,087	2,166,225	2,464,858
Travel, hotel and per diem	811,297	338,763	337,348	274,347	139,290	80,943	85,149	165,659	59,660	4,917	7,151	12,907	17,823	2,335,254	17,838	54,314	72,152	2,407,406	3,263,890
Freight	112,963	29,429	47,845	11,147	13,334	1,914	2,000	11,291	-	2,662	236	-	6,904	239,725	-	7,503	7,503	247,228	396,563
Consultants and production fees	48,609	59,691	17,800	8,392	31,503	-	447,970	118,360	63,861	1,200	88,148	75,484	115,198	1,076,216	49,778	63,709	113,487	1,189,703	1,703,443
Professional fees	-	-	-	8,500	3,750	-	417	-	-	-	2,080	-	245	14,992	143,958	-	143,958	158,950	276,203
Advertising and promotion	949,416	909,020	-	141,584	53,673	64,860	162,533	92,248	255,644	5,062	292	151,844	4,714	2,790,890	3,752	377,624	381,376	3,172,266	3,007,201
Film rental	-	-	-	-	-	-	1,350	1,828	1,480,042	-	-	-	-	1,483,220	-	-	-	1,483,220	1,528,276
Cinema concessions	-	-	-	-	-	-	17,186	-	123,055	-	-	-	-	140,241	-	-	260	140,501	163,745
Hospitality and special events	-	1,600	-	8,598	453	1,178	97,869	30,731	67,333	10,225	18,991	1,570	979	239,527	55,578	712,363	767,941	1,007,468	1,193,030
Patron services	-	75	-	507	-	-	340	694	278	-	98	4,450	800	7,242	5,409	15,215	20,624	27,866	198,702
Human resources and personnel training	-	-	-	-	210	-	438	-	-	-	3,807	4,819	15,469	24,743	211,418	1,012	212,430	237,173	150,010
Occupancy costs	-	-	-	-	-	-	72	40	-	-	-	-	943,549	943,661	186	64	250	943,911	923,422
Building maintenance	300	-	75	-	37,867	-	-	15,552	7,592	-	-	-	690,591	751,977	-	18,123	18,123	770,100	781,878
Acquisitions of property and equipment	-	-	-	1,395	-	-	-	-	-	-	-	-	2,537	3,932	58	-	58	3,990	13,593
Computers, service, supplies	-	-	-	9,091	-	-	20,876	22,534	2,384	-	4,662	22,187	351,205	432,939	21,991	15,473	37,464	470,403	479,230
Telecommunications	-	27	-	5,603	-	-	1,730	-	1,308	-	8,024	2,392	124,182	143,266	5,085	3,957	9,042	152,308	157,210
Office supplies	115	33	-	2,231	219	-	25,126	3,120	98,192	-	257,419	27,240	105,633	519,328	12,123	23,826	35,949	555,277	644,784
Postage and shipping	40,473	106,889	222	756	5,240	1,473	12,827	6,330	100,562	23	6,181	21,002	2,957	304,935	12,936	104,442	117,378	422,313	442,767
Insurance expense	28,840	5,422	565	6,341	3,504	2,204	4,551	6,112	23,477	5,879	-	-	(3,978)	82,917	149,072	-	149,072	231,989	282,703
Bank and other finance Charges	-	10,882	-	59	720	-	-	-	-	-	-	-	-	11,661	201,326	-	201,326	212,987	181,595
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,796	13,796	13,796	114,425
Organizational contributions	-	-	-	-	-	-	-	5,000	-	-	-	-	-	5,000	12,591	1,350	13,941	18,941	19,770
Miscellaneous	153,366	140,396	12,375	92,256	30,790	31,971	67,505	43,192	109,013	1,355	31,312	266,686	78,661	1,058,878	35,877	160,757	196,634	1,255,512	915,144
Operations allocation	416,927	264,218	89,462	146,342	28,958	73,924	140,823	89,699	194,871	53,761	336,389	269,719	(2,531,972)	(426,879)	181,482	245,397	426,879	-	-
<b>Total expenses before depreciation and direct expenses for special events</b>	<b>9,558,618</b>	<b>6,057,550</b>	<b>2,051,031</b>	<b>3,355,090</b>	<b>663,892</b>	<b>1,694,805</b>	<b>3,228,565</b>	<b>2,056,473</b>	<b>4,467,686</b>	<b>1,232,535</b>	<b>7,712,180</b>	<b>6,183,680</b>	<b>-</b>	<b>48,262,105</b>	<b>4,160,707</b>	<b>5,990,419</b>	<b>10,151,126</b>	<b>58,413,231</b>	<b>54,581,700</b>
Depreciation expense and amortization	319,437	202,436	68,543	112,123	22,187	56,638	107,895	68,725	149,305	41,190	257,732	206,651	-	1,612,861	139,046	188,016	327,062	1,939,923	1,482,306
Direct expenses for special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	659,785	659,785	659,785	497,795
<b>Total Expenses</b>	<b>\$ 9,878,055</b>	<b>\$ 6,259,986</b>	<b>\$ 2,119,574</b>	<b>\$ 3,467,213</b>	<b>\$ 686,079</b>	<b>\$ 1,751,443</b>	<b>\$ 3,336,460</b>	<b>\$ 2,125,198</b>	<b>\$ 4,616,991</b>	<b>\$ 1,273,725</b>	<b>\$ 7,969,912</b>	<b>\$ 6,390,331</b>	<b>\$ -</b>	<b>\$ 49,874,966</b>	<b>\$ 4,299,753</b>	<b>\$ 6,838,220</b>	<b>\$ 11,137,973</b>	<b>\$ 61,012,939</b>	<b>\$ 56,561,801</b>