



THE BROOKLYN ACADEMY OF MUSIC, INC.

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2015 and 2014

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, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014, 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 30, 2015

THE BROOKLYN ACADEMY OF MUSIC, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents (Notes 2C, 8A and 15)	\$ 1,630,350	\$ 1,453,769
Accounts and other receivables (Note 2J)	1,004,631	799,809
Government receivables, net (Note 2J)	724,734	641,443
Pledges receivable, net (Notes 2F, 2J and 4)	17,057,817	18,867,074
Prepaid expenses and other current assets (Note 9)	1,587,949	1,835,539
Property and equipment, net (Notes 2G and 5)	16,626,132	16,202,400
Beneficial interest in BAM Endowment Trust (Notes 2K, 6, 10, 11 and 15)	99,346,428	96,805,763
TOTAL ASSETS	\$ 137,978,041	\$ 136,605,797
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses, net (Note 9)	\$ 5,761,129	\$ 3,451,095
Due to BAM Endowment Trust (Note 6)	131,806	1,100,000
Deferred revenue (Note 2D)	1,018,538	1,301,760
TOTAL LIABILITIES	6,911,473	5,852,855
COMMITMENTS AND CONTINGENCIES (Notes 7 and 14)		
NET ASSETS (Note 2E):		
Unrestricted:		
General operations	46,956	1,547
Cultural Institutions Retirement System (Note 9)	(2,028,059)	-
Net investment in property and equipment (Notes 2G and 5)	15,985,249	15,648,415
Total unrestricted	14,004,146	15,649,962
Temporarily restricted (Note 11)	33,221,414	36,522,714
Permanently restricted (Note 10)	83,841,008	78,580,266
TOTAL NET ASSETS	131,066,568	130,752,942
TOTAL LIABILITIES AND NET ASSETS	\$ 137,978,041	\$ 136,605,797

THE BROOKLYN ACADEMY OF MUSIC, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
OPERATING ACTIVITIES (Note 2M):										
OPERATING REVENUE:										
Support:										
Special events revenue (Note 2H)	\$ 3,041,156	\$ 5,000	\$ -	\$ 3,046,156	\$ 2,156,979	\$ -	\$ 2,156,979	\$ 8,500	\$ -	\$ 2,165,479
Less: direct special event expenses	(659,785)	-	-	(659,785)	(497,795)	-	(497,795)	-	-	(497,795)
Special events, net	2,381,371	5,000	-	2,386,371	1,659,184	-	1,659,184	8,500	-	1,667,684
The City of New York (Note 12)	3,036,264	-	-	3,036,264	3,057,148	-	3,057,148	-	-	3,057,148
New York State	148,416	155,000	-	303,416	32,416	-	32,416	15,000	-	47,416
Federal government	907,407	55,000	-	962,407	1,472,850	-	1,472,850	-	-	1,472,850
Private sector (Notes 2H and 3)	16,801,978	7,969,438	-	24,771,416	17,167,510	-	17,167,510	5,118,448	-	22,285,958
Distribution from BAM Endowment Trust (Note 6)	3,894,962	-	-	3,894,962	3,546,077	-	3,546,077	-	-	3,546,077
Net assets released from restrictions (Note 11)	7,711,673	(7,711,673)	-	-	8,684,029	-	8,684,029	(8,684,029)	-	-
Total Support	34,882,071	472,765	-	35,354,836	35,619,214	-	35,619,214	(3,542,081)	-	32,077,133
Earned Revenue:										
Performance and co-presenter income	17,648,122	-	-	17,648,122	12,471,182	-	12,471,182	-	-	12,471,182
BAM Rose Cinema	4,029,366	-	-	4,029,366	3,972,857	-	3,972,857	-	-	3,972,857
Rentals, BAMart sales, interest and other income	2,793,307	-	296	2,793,603	2,926,252	-	2,926,252	-	1,261	2,927,513
Total Earned Revenue	24,470,795	-	296	24,471,091	19,370,291	-	19,370,291	-	1,261	19,371,552
TOTAL OPERATING REVENUE	59,352,866	472,765	296	59,825,927	54,989,505	-	54,989,505	(3,542,081)	1,261	51,448,685
OPERATING EXPENSE:										
Program services	48,262,105	-	-	48,262,105	44,578,245	-	44,578,245	-	-	44,578,245
Management and general	4,160,707	-	-	4,160,707	3,817,805	-	3,817,805	-	-	3,817,805
Fundraising	5,990,419	-	-	5,990,419	6,185,650	-	6,185,650	-	-	6,185,650
TOTAL OPERATING EXPENSE (Note 13)	58,413,231	-	-	58,413,231	54,581,700	-	54,581,700	-	-	54,581,700
RESULTS FROM OPERATIONS	939,635	472,765	296	1,412,696	407,805	-	407,805	(3,542,081)	1,261	(3,133,015)
NON OPERATING ACTIVITIES (Note 2L):										
Depreciation and amortization expense (Note 5)	(1,939,923)	-	-	(1,939,923)	(1,482,306)	-	(1,482,306)	-	-	(1,482,306)
Transfer of Board Designated Assets (Note 2E)	-	-	-	-	800,000	(800,000)	-	-	-	-
Net assets released from restriction for capital projects (Note 11)	1,054,284	(1,054,284)	-	-	558,047	-	558,047	(558,047)	-	-
New York City Economic Development Corporation capital grant	328,247	-	-	328,247	-	-	-	-	-	-
Transfer of BAM Richard B. Fisher Building to The City of New York (Note 5)	-	-	-	-	(49,628,991)	-	(49,628,991)	-	-	(49,628,991)
Increase in beneficial interest in BAM Endowment Trust (Note 6)	-	(2,719,781)	5,260,446	2,540,665	-	-	-	8,608,778	319,050	8,927,828
TOTAL NON OPERATING ACTIVITIES	(557,392)	(3,774,065)	5,260,446	928,989	(49,753,250)	(800,000)	(50,553,250)	8,050,731	319,050	(42,183,469)
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	382,243	(3,301,300)	5,260,742	2,341,685	(49,345,445)	(800,000)	(50,145,445)	4,508,650	320,311	(45,316,484)
Cultural Institutions Retirement System (Note 9)	(2,028,059)	-	-	(2,028,059)	-	-	-	-	-	-
CHANGE IN TOTAL NET ASSETS	(1,645,816)	(3,301,300)	5,260,742	313,626	(49,345,445)	(800,000)	(50,145,445)	4,508,650	320,311	(45,316,484)
Net Assets - Beginning of Year	15,649,962	36,522,714	78,580,266	130,752,942	64,995,407	800,000	65,795,407	32,014,064	78,259,955	176,069,426
NET ASSETS - END OF YEAR	\$ 14,004,146	\$ 33,221,414	\$ 83,841,008	\$ 131,066,568	\$ 15,649,962	\$ -	\$ 15,649,962	\$ 36,522,714	\$ 78,580,266	\$ 130,752,942

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, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 313,626	\$ (45,316,484)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,939,923	1,482,306
Transfer of BAM Richard B. Fisher Building to The City of New York	-	49,628,991
Increase in beneficial interest in BAM Endowment Trust	(2,540,665)	(8,927,828)
Bad debt expense	13,796	114,425
Change in discount on pledges receivable	(989)	(243,085)
Interest - permanently restricted	(296)	(1,261)
Subtotal	(274,605)	(3,262,936)
(Increase) decrease in assets:		
Accounts and other receivables	(218,618)	(141,153)
Government receivables	(83,291)	2,002,446
Pledges receivable	1,810,246	3,061,465
Prepaid expenses and other current assets	247,590	1,223,143
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,310,034	(1,620,033)
Due to BAM Endowment Trust	(968,194)	(157,861)
Deferred revenue	(283,222)	573,435
Net Cash Provided by Operating Activities	2,539,940	1,678,506
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property and equipment	(2,363,655)	(1,780,601)
Net Cash Used in Investing Activities	(2,363,655)	(1,780,601)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable	-	(275,267)
Interest - permanently restricted	296	1,261
Net Cash Provided by (Used in) Financing Activities	296	(274,006)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,581	(376,101)
Cash and cash equivalents - beginning of the year	1,453,769	1,829,870
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,630,350	\$ 1,453,769
Supplemental Disclosure of Cash Flow Information:		
Non-cash investing activities:		
Transfer of BAM Richard B. Fisher Building to The City of New York	\$ -	\$ 49,628,991

THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 for the expected term of the promise to give applicable to the years in which the pledges are received. As of June 30, 2015 and 2014, the discount on pledges receivable amounted to \$459,002 and \$459,991, 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
Parking lot	25 years
Commercial condominium	40 years

THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 \$498,330 and \$888,239 for the years ended June 30, 2015 and 2014, respectively. Donated goods for the years ended June 30, 2015 and 2014 include: floral décor, works of art, flights, beverages, food, and gifts for attendees of special events, amounting to \$424,044 and \$404,864, respectively. Donated services for the years ended June 30, 2015 and 2014 include: consulting, photographing, and DJ services, amounting to \$74,286 and \$483,375, respectively. These donations are reflected under private sector support at \$473,955 and \$828,902 and special events of \$24,375 and \$59,337 in the accompanying statements of activities for the years ended June 30, 2015 and 2014, 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 direct special events expenses.
- 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, 2015 and 2014, 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 as of June 30, 2015 and 2014.
- 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.
- M. **Reclassification** – Certain line items in the June 30, 2014 financial statements have been reclassified to conform to the June 30, 2015 presentation.

NOTE 3 – PRIVATE SECTOR SUPPORT

Private sector support consisted of the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Corporations	\$ 3,375,233	\$ 2,430,709
Foundations	12,041,685	12,572,880
Individuals	8,879,553	6,208,444
Change in net present value discount	990	245,023
Donated goods and services	<u>473,955</u>	<u>828,902</u>
Total private sector support	<u>\$ 24,771,416</u>	<u>\$ 22,285,958</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 1.5 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, 2015 AND 2014

NOTE 4 – PLEDGES RECEIVABLE (Continued)

Pledges from various corporations, foundations and individuals consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Pledges due:		
Within one year	\$ 9,241,659	\$ 8,811,527
In one to five years	7,875,160	10,365,538
In five to nine years	<u>400,000</u>	<u>150,000</u>
Gross pledges receivable	17,516,819	19,327,065
Discount for net present value	<u>(459,002)</u>	<u>(459,991)</u>
Net pledges receivable	<u>\$ 17,057,817</u>	<u>\$ 18,867,074</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
General construction in progress	\$ 2,403,865	\$ 1,059,291
Capital additions and leasehold improvements	16,669,961	16,530,782
Furniture and equipment	4,637,945	4,008,043
Parking lots	656,926	656,926
Works of art	250,000	-
Commercial condominium	<u>2,455,533</u>	<u>2,455,533</u>
Total Cost	27,074,230	24,710,575
Less: accumulated depreciation and amortization	<u>(10,448,098)</u>	<u>(8,508,175)</u>
Net book value	<u>\$ 16,626,132</u>	<u>\$ 16,202,400</u>

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 amounted to \$1,939,923 and \$1,482,306, respectively.

Included in construction in progress as of June 30, 2015, was general ongoing improvements to various BAM facilities as well as the Fulton Street Redevelopment Project. Construction is expected to be completed by September 2017 with an estimated cost of \$27 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, 2015 AND 2014**

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 BET has interpreted NYPMIFA as allowing BET to appropriate for expenditure or accumulate so much of an endowment fund as BET 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Beneficial interest, beginning of year	\$ 96,805,763	\$ 87,877,935
Change in BET permanently restricted net assets	5,260,446	319,050
Change in BET temporarily restricted net assets	<u>(2,719,781)</u>	<u>8,608,778</u>
Beneficial interest, end of year	<u>\$ 99,346,428</u>	<u>\$ 96,805,763</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 \$131,806 and \$1,100,000 representing funds temporarily held in BAM as of June 30, 2015 and 2014, respectively. During the years ended June 30, 2015 and 2014, BAM received a management fee of \$200,000 and \$150,000, respectively, for services performed on behalf of BET by BAM employees.

During the years ended June 30, 2015 and 2014, BET appropriated \$3,894,962 and \$3,546,077, 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 in the amount of \$2,000,000 as of June 30, 2015 and 2014. Loan proceeds obtained under this agreement are to be used to finance working capital. The line of credit bears interest at prime 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. The line of credit was not utilized during the years ended June 30, 2015 or 2014.

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, 2015 and 2014 there was approximately \$2,360,000 and \$1,124,000, 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, 2015 and 2014, 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 procedure.

**THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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, 2015 and 2014 amounted to \$1,330,119 and \$1,325,780, respectively, of which \$198,524 and \$157,228, 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, 2015 and 2014 financial statement is for the Plan’s year ended June 30, 2015 and 2014. 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 100.23% funded for its plan year beginning July 1, 2015. 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, 2015, the Plan was not in endangered or critical status.

Pension Plan	Employer Identification Number	Pension Plan Number	PPA Zone Status July 1, 2015	FIP/RP Status Pending/Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreements
The Cultural Institutions Pension Plan	11-2001170	001	Green	No	No	June 30, 2015

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 year ended June 30, 2015, the liability of \$2,028,059, net of discount for present value of \$323,699, is reflected as part of the accounts payable and accrued expenses balance in the accompanying statements of financial position and 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 annual contributions to the plan are determined by each participant. Contributions to this plan amounted to \$31,197 and \$31,746 for the years ended June 30, 2015 and 2014, respectively. Included in prepaid expenses and other current assets and accounts payable and accrued expenses is \$93,216 and \$62,019 as of June 30, 2015 and 2014, respectively, relating to this plan.

THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets amounted to \$83,841,008 and \$78,580,266 as of June 30, 2015 and 2014, respectively, and represent \$1,814,257 and \$1,813,961 of BAM's working capital reserve fund (the "fund"), as well as \$82,026,751 and \$76,766,305 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Benefits, galas and special events	\$ 61,001	\$ 150,001
Capital Improvements	481,703	1,000,000
Cinema	50,000	125,000
Dance	1,107,500	-
Education	1,171,500	2,631,250
Fulton Street Redevelopment Project	6,750,402	6,786,344
Next Wave	559,903	525,000
Opera and music	232,000	804,755
Other	1,506,702	1,045,179
Theater	445,000	75,000
Time restricted: to be used for general purposes	3,536,026	3,340,727
Beneficial interest in BAM Endowment Trust	<u>17,319,677</u>	<u>20,039,458</u>
Total temporarily restricted net assets	<u>\$ 33,221,414</u>	<u>\$ 36,522,714</u>

During the years ended June 30, 2015 and 2014, BAM released temporarily restricted net assets by incurring program expenses or the passage of time, as follows:

	<u>2015</u>	<u>2014</u>
Benefits, galas and special events	\$ 94,000	\$ 104,300
Capital Improvements	83,596	806,250
Cinema	320,000	50,000
Dance	-	171,426
Education	1,803,522	1,298,208
Next Wave	455,000	282,000
Opera and music	775,000	999,657
Other	846,955	1,794,486
Theater	100,000	75,000
Time restricted: to be used for general purposes	<u>3,233,600</u>	<u>3,102,702</u>
Net assets released from restrictions for operations	<u>7,711,673</u>	<u>8,684,029</u>
Fulton Street Redevelopment Project	1,035,942	558,047
South Site Project	<u>18,342</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 8,765,957</u>	<u>\$ 9,242,076</u>

**THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Operations	\$ 2,108,161	\$ 2,006,587
Energy	704,579	864,833
Cultural Institutions Retirement System (Note 10)	<u>198,524</u>	<u>157,228</u>
Subtotal: New York City Department of Cultural Affairs	3,011,264	3,028,648
New York City Department of Youth and Community Development	<u>-</u>	<u>3,500</u>
New York City Department for the Aging	<u>5,000</u>	<u>5,000</u>
Borough of Brooklyn	<u>20,000</u>	<u>20,000</u>
Total appropriation from The City of New York	<u>\$ 3,036,264</u>	<u>\$ 3,057,148</u>

NOTE 13 – FUNCTIONAL ALLOCATION OF EXPENSES

For the years ended June 30, 2015 and 2014, expenses by functional program (inclusive of depreciation and direct expenses of special events) are as follows:

	<u>2015</u>	<u>2014</u>
Program services	\$ 49,874,966	\$ 45,792,680
Management and general	4,299,753	3,921,813
Fundraising	<u>6,838,220</u>	<u>6,847,308</u>
Total expenses by functional program	<u>\$ 61,012,939</u>	<u>\$ 56,561,801</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 1989, BAM entered into an agreement with the City to lease for a nominal amount the premises known as the BAM Harvey Lichtenstein Theater through December 31, 2014. BAM is currently negotiating a new license agreement with the City for the continued operation of the BAM Harvey Theater. 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. This license agreement has 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 has no uncertain tax positions as of June 30, 2015 and 2014 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. BAM is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before June 30, 2012.
- E. In connection with the recruitment of BAM's new President, an offer for housing support was made, the terms of which were not yet finalized at June 30, 2015.

THE BROOKLYN ACADEMY OF MUSIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 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>

Financial assets and liabilities are carried at fair value at June 30, 2014 are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2014</u>
ASSETS CARRIED AT FAIR VALUE			
Cash equivalents – money market funds	\$ 18,880	\$ -	\$ 18,880
Beneficial interest in the BAM Endowment Trust	<u>-</u>	<u>96,805,763</u>	<u>96,805,763</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 18,880</u>	<u>\$ 96,805,763</u>	<u>\$ 96,824,643</u>

The reconciliation of Level 3 assets for the years ended June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 96,805,763	\$ 87,877,935
Additions	6,589,078	1,359,879
Expenses	(4,709,672)	(4,838,733)
Unrealized (loss) gains	(858,565)	4,617,652
Realized gains	<u>1,519,824</u>	<u>7,789,030</u>
Balance, end of year	<u>\$ 99,346,428</u>	<u>\$ 96,805,763</u>

NOTE 16 – SUBSEQUENT EVENTS

BAM has evaluated, events subsequent to the date of the statements of financial position through December 30, 2015, the date the financial statements were available to be issued.

THE BROOKLYN ACADEMY OF MUSIC, INC.
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

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
SALARIES AND BENEFITS:																			
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
Total Salaries and Benefits	3,361,252	1,788,490	460,162	1,229,324	257,780	501,134	1,836,869	505,593	1,742,226	1,134,380	6,866,252	5,306,756	-	24,990,218	3,029,927	3,999,261	7,029,188	32,019,406	29,511,238
OTHER EXPENSES:																			
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	-	-	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	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	-	-
Total expenses before depreciation and direct expenses for special events	9,558,618	6,057,550	2,051,031	3,355,090	663,892	1,694,805	3,228,565	2,056,473	4,467,686	1,232,535	7,712,180	6,183,680	-	48,262,105	4,160,707	5,990,419	10,151,126	58,413,231	54,581,700
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	659,785	497,795
Total Expenses	\$ 9,878,055	\$ 6,259,986	\$ 2,119,574	\$ 3,467,213	\$ 686,079	\$ 1,751,443	\$ 3,336,460	\$ 2,125,198	\$ 4,616,991	\$ 1,273,725	\$ 7,969,912	\$ 6,390,331	\$ -	\$ 49,874,966	\$ 4,299,753	\$ 6,838,220	\$ 11,137,973	\$ 61,012,939	\$ 56,561,801

See independent auditors' report.

THE BROOKLYN ACADEMY OF MUSIC, INC.
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

FOR THE YEAR ENDED JUNE 30, 2014

	PROGRAM SERVICES										SUPPORTING SERVICES					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
SALARIES AND BENEFITS:																		
Salaries and other personnel costs	\$ 2,696,854	\$ 1,119,496	\$ 409,818	\$ 389,199	\$ 214,863	\$ 237,753	\$ 1,283,796	\$ 286,114	\$ 1,463,319	\$ 835,055	\$ 4,500,874	\$ 3,742,312	\$ -	\$ 17,179,453	\$ 2,232,746	\$ 2,816,454	\$ 5,049,200	\$ 22,228,653
Payroll taxes and employee benefits	1,091,323	452,150	173,768	119,804	79,048	96,024	522,662	106,087	369,825	331,328	1,387,980	1,164,793	-	5,894,792	578,255	809,538	1,387,793	7,282,585
Total Salaries and Benefits	3,788,177	1,571,646	583,586	509,003	293,911	333,777	1,806,458	392,201	1,833,144	1,166,383	5,888,854	4,907,105	-	23,074,245	2,811,001	3,625,992	6,436,993	29,511,238
OTHER EXPENSES:																		
Company and artist fees	1,742,422	1,305,801	1,243,390	188,155	43,036	390,044	161,245	438,681	253,778	-	-	-	-	5,766,552	-	1,468	1,468	5,768,020
Production expenses	1,031,672	482,551	26,070	147,928	52,358	38,874	47,966	148,462	128,246	23,743	66,952	43,662	165,680	2,404,164	28,399	32,295	60,694	2,464,858
Travel, hotel and per diem	765,633	491,791	883,892	479,325	127,920	14,510	76,092	212,208	66,077	3,488	63,763	12,490	20,502	3,217,691	17,647	28,552	46,199	3,263,890
Freight	162,825	64,390	96,043	2,681	6,596	1,200	184	44,753	442	2,850	1,555	-	11,509	395,028	-	1,535	1,535	396,563
Consultants and production fees	214,416	83,852	37,130	34,211	55,104	2,500	552,069	113,840	51,925	1,200	50,970	248,980	50,229	1,496,426	58,491	148,526	207,017	1,703,443
Professional fees	-	-	-	8,000	3,000	-	-	119	-	-	48,955	-	13,129	73,203	203,000	-	203,000	276,203
Advertising and promotion	884,697	739,783	273	10,883	64,564	48,525	142,201	87,863	367,537	14,580	59,621	171,068	(1,374)	2,590,221	5,998	410,982	416,980	3,007,201
Film rental	-	-	-	-	-	-	1,513	9,916	1,516,579	-	-	-	-	1,528,008	268	-	268	1,528,276
Cinema concessions	-	-	-	-	-	-	109	25,488	124,934	-	-	-	-	150,531	978	12,236	13,214	163,745
Hospitality and special events	3,063	-	-	19,130	382	6,392	34,644	27,513	17,679	3,512	18,345	3,332	574	134,566	39,813	1,018,651	1,058,464	1,193,030
Patron services	-	-	-	-	-	-	214	886	316	-	359	5,218	911	7,904	5,542	185,256	190,798	198,702
Human resources and personnel training	-	-	-	-	270	-	3,564	150	838	-	8,655	6,225	26,690	46,392	103,172	446	103,618	150,010
Occupancy costs	-	-	-	-	-	-	-	60	-	-	-	-	923,362	923,422	-	-	-	923,422
Building maintenance	75	-	-	-	10,825	-	-	19,940	5,901	-	-	-	717,041	753,782	-	28,096	28,096	781,878
Acquisitions of property and equipment	-	-	-	-	-	-	-	-	-	-	988	-	12,580	13,568	25	-	25	13,593
Computers, service, supplies	-	-	-	20,429	-	-	5,022	7,868	2,841	-	8,640	36,572	375,429	456,801	10,914	11,515	22,429	479,230
Telecommunications	-	-	-	7,931	-	-	1,156	-	1,561	-	8,859	2,986	124,111	146,604	7,444	3,162	10,606	157,210
Office supplies	-	200	-	12,388	1,740	-	43,040	3,503	47,608	12	284,414	28,450	187,042	608,397	14,506	21,881	36,387	644,784
Postage and shipping	92,673	75,496	170	2,399	1,511	156	17,035	9,390	88,117	440	20,566	17,331	13,342	338,626	15,636	88,505	104,141	442,767
Insurance expense	16,054	6,241	666	4,078	851	1,444	103,733	5,847	23,770	5,460	-	20	(24,586)	143,578	139,601	(476)	139,125	282,703
Bank and other finance Charges	6	-	-	137	-	-	37	16	-	-	59	-	2,381	2,636	178,959	-	178,959	181,595
Bad debts	-	-	-	-	-	-	575	-	-	-	-	-	-	575	(54,190)	168,040	113,850	114,425
Organizational contributions	-	-	-	-	-	-	-	100	-	-	10,000	-	-	10,100	9,392	278	9,670	19,770
Miscellaneous	115,065	143,976	22,489	60,152	27,870	20,806	70,289	45,794	98,208	2,571	60,670	32,590	82,937	783,417	31,656	100,071	131,727	915,144
Operations allocation	460,620	259,427	151,178	78,722	36,045	44,815	160,239	87,264	245,780	63,959	337,071	288,177	(2,701,489)	(488,192)	189,553	298,639	488,192	-
Total expenses before depreciation and direct expenses for special events	9,277,398	5,225,154	3,044,887	1,585,552	725,983	903,043	3,227,385	1,681,862	4,875,281	1,288,198	6,939,296	5,804,206	-	44,578,245	3,817,805	6,185,650	10,003,455	54,581,700
Depreciation expense and amortization	252,742	142,348	82,951	43,195	19,778	24,590	87,923	47,882	134,859	35,094	184,950	158,123	-	1,214,435	104,008	163,863	267,871	1,482,306
Direct expenses for special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	497,795	497,795	497,795
Total Expenses	\$ 9,530,140	\$ 5,367,502	\$ 3,127,838	\$ 1,628,747	\$ 745,761	\$ 927,633	\$ 3,315,308	\$ 1,729,744	\$ 5,010,140	\$ 1,323,292	\$ 7,124,246	\$ 5,962,329	\$ -	\$ 45,792,680	\$ 3,921,813	\$ 6,847,308	\$ 10,769,121	\$ 56,561,801