SARATOGA SPRINGS UNIVERSAL

PRESERVATION HALL

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Saratoga Springs Universal Preservation Hall
Saratoga Springs, NY

We have audited the accompanying statements of financial position of Saratoga Springs Universal Preservation Hall (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saratoga Springs Universal Preservation Hall as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on page 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fredette, Sankowski & Company

Fredette, Sankowski & Company

November 1, 2011

SARATOGA SPRINGS UNIVERSAL PRESERVATION HALL

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 and 2009

ASSETS

	December 31,	
	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	$ 40,620	55,732
Current portion of unconditional promises to give	3,856	13,099
Accounts receivable	2,341	2,090
Grants receivable	20,593	-
Prepaid expenses	2,981	2,995
Total current assets	70,391	73,916
PROPERTY AND EQUIPMENT, AT COST		
Construction in progress	2,331,954	2,294,885
Machinery and equipment	11,319	11,319
Furniture and fixtures	2,290	2,290
Total property and equipment	2,345,563	2,308,494
Less: Accumulated depreciation	134,434	89,064
Net property and equipment	2,211,129	2,219,430
OTHER ASSETS		
Unconditional promises to give, net of current portion	950	2,473
TOTAL ASSETS	$2,282,470	2,295,819

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 64,329	72,059
Payroll liabilities	274	392
Accrued expenses	240	206
Total current liabilities	64,843	72,657
NET ASSETS		
Unrestricted	2,204,030	2,209,565
Temporarily restricted	13,597	13,597
Total net assets	2,217,627	2,223,162
TOTAL LIABILITIES AND NET ASSETS	$2,282,470	2,295,819

See accompanying notes and auditors' report.

SARATOGA SPRINGS UNIVERSAL PRESERVATION HALL

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	December 31, 2010		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	$ 42,156	1,050	43,206
Grant revenue	20,593	-	20,593
Rental income, net of expenses of $0	18,935	-	18,935
Interest income	78	-	78
Fundraising income net of direct expenses of $17,211	10,062	-	10,062
Miscellaneous loss	(22)	-	(22)
Satisfaction of donor restrictions	1,050	(1,050)	-
TOTAL SUPPORT AND REVENUE	92,852	-	92,852
EXPENSES			
Program service (Schedule 1)	75,342	-	75,342
General administrative (Schedule 1)	23,045	-	23,045
TOTAL EXPENSES	98,387	-	98,387
Change in Net Assets	(5,535)	-	(5,535)
NET ASSETS AT BEGINNING OF YEAR	2,209,565	13,597	2,223,162
NET ASSETS AT END OF YEAR	$2,204,030	13,597	2,217,627

	December 31, 2009		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	$ 53,703	12,000	65,703
Grant revenue	-	-	-
Rental income, net of expenses of $3,405	10,619	-	10,619
Interest income	123	-	123
Fundraising income net of direct expenses of $12,685	14,738	-	14,738
Miscellaneous income	384	-	384
Satisfaction of donor restrictions	14,530	(14,530)	-
TOTAL SUPPORT AND REVENUE	94,097	(2,530)	91,567
EXPENSES			
Program service (Schedule 1)	79,467	-	79,467
General administrative (Schedule 1)	23,217	-	23,217
TOTAL EXPENSES	102,684	-	102,684
Change in Net Assets	(8,587)	(2,530)	(11,117)
NET ASSETS AT BEGINNING OF YEAR	2,218,152	16,127	2,234,279
NET ASSETS AT END OF YEAR	$2,209,565	13,597	2,223,162

See accompanying notes and auditors' report.

SARATOGA SPRINGS UNIVERSAL PRESERVATION HALL

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	DECEMBER 31, 2010	DECEMBER 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	($ 5,535)	(11,117)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	45,370	30,417
Bad debt	7,240	12,752
Donated services	(21,600)	(6,994)
Donated assets	(174)	-
Loss (Gain) on sale of asset	22	(384)
(Increase)decrease in assets		
Unconditional promises to give	3,526	26,162
Accounts receivable	(251)	3,039
Grant receivable	(20,593)	-
Prepaid expenses	14	3,285
Increase (decrease) in liabilities		
Accounts payable	(7,730)	(12,923)
Accrued payroll and liabilities	(84)	(603)
Deferred revenue	-	(4,700)
NET CASH PROVIDED BY OPERATING ACTIVITIES	205	38,934
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of construction in process	(15,469)	(94,317)
Proceeds from the sale of equipment	152	550
NET CASH USED BY INVESTING ACTIVITIES	(15,317)	(93,767)
NET CHANGE IN CASH	(15,112)	(54,833)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	55,732	110,565
CASH AND EQUIVALENTS, END OF YEAR	$ 40,620	55,732

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	$ 12	62

See accompany notes and auditors' report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Saratoga Springs Universal Preservation Hall have been prepared on the accrual basis, which is in accordance with generally accepted accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization - The Saratoga Springs Universal Preservation Hall is a not-for-profit corporation, organized under the Not-for-profit Corporation Law of New York State and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was established on March 26, 2002.

The primary purpose of the Organization is to rescue, restore and adapt the historic Universal Preservation Hall, transform it into a performing arts venue for Saratoga Springs and the greater Capital District and to restore the Universal Baptist congregation's separate worship space.

Accounting for Net Assets - The Organization's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which do not expire by passage of time.

Temporarily Restricted - net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which expire by passage of time or are fulfilled by actions of the Organization.

Unrestricted - net assets that are neither permanently or temporarily restricted.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses - The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and general and administrative expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services - The Organization receives services donated by contractors and individuals who volunteer their time and perform a variety of tasks that assist the Organization with program services and fundraising events. No amounts have been reflected in the financial statements for the donated services from the volunteers since their time does not meet the criteria for recognition under FASB Accounting Standards Codification 958, Not-For-Profit Entities. However, the services donated by contractors is reflected in the financial statements since they are used to create a nonfinancial asset. During the year ended June 30, 2010, and 2009, $21,600 and $6,994, respectively, was recognized as revenue from services donated.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that can effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment - Property and equipment are recorded at cost when purchased. Property and equipment, with an original cost of $500 or greater, are capitalized when purchased. Repairs and maintenance are expensed and betterments that extend the life or capacity of the asset are capitalized. Depreciation is recorded on the straight-line basis. The useful lives used to depreciate assets are as follows:

Building & Improvements	40 years
Furniture & Fixtures	7 years
Machinery & Equipment	5 years

For the years ended December 31, 2010 and 2009 the Organization was renovating a building and the renovations were not totally complete.

NOTE 2: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2010 are unrestricted net assets. These unconditional promises to give are to be received by the Organization for years subsequent to December 31, 2010 and are deemed to be fully collectible by management. Promises to give that are receivable in one or more years are discounted.

Receivable in less than one year	$ 3,856
Receivable in one to five years	950
Receivable in more than five years	-
Total promises to give	$ 4,806

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restriction by incurring expenses satisfying the purpose or time restrictions specified by donor or grantors as follows:

	2010	2009
Building renovations	$ 1,050	4,177
Elevator	-	10,000
Window repairs	-	353
Total restrictions released	$ 1,050	14,530

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Stained glass window repairs	$ 12,000	12,000
Rugs	1,597	1,597
Total temporarily restricted assets	$ 13,597	13,597

NOTE 4: OTHER COMMITMENTS

During 2006, the Organization entered into an agreement with New York State Office of Parks, Recreation and Historic Preservation where as the Organization was awarded $197,221 for rehabilitation of the Universal Preservation Hall. In consideration of the funds, the Organization signed a Preservation Covenant dated March 27, 2007 with New York State Office of Parks, Recreation and Historic Preservation. The covenant's purpose is to ensure that a public benefit is derived by allowing public access to the property for a period of fifty years from the date of the final disbursement of funds under the grant or the useful life of the improvements, whichever is longer.

NOTE 5: SUBSEQUENT EVENT

Management has evaluated subsequent events through November 4, 2011, the date the financial statements were available to be issued.

SARATOGA SPRINGS UNIVERSAL PRESERVATION HALL

SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	December 31, 2010		
	Program Service	General Administrative	Total Expenses
Salaries	$ 5,631	6,883	12.514
Payroll taxes	586	717	1,303
Total salaries and related expenses	6,217	7,600	13,817
Insurance	11,424	1,047	12,471
Bad debt	7,240	-	7,240
Utilities	6,271	330	6,601
Professional fees	-	5,208	5,208
Repairs	-	2,656	2,656
Miscellaneous	-	2,192	2,192
Telephone	717	876	1,593
Supplies	206	251	457
Publicity	-	402	402
Printing	106	130	236
Postage	59	73	132
Interest	-	12	12
Total expenses before depreciation	32,240	20,777	53,017
Depreciation	43,102	2,268	45,370
Total expenses	$ 75,342	23,045	98,387

December 31, 2009		
Program Service	General Administrative	Total Expenses
12,644	6,892	19,536
1,350	736	2,086
13,994	7,628	21,622
12,761	1,734	14,495
12,752	-	12,752
8,979	473	9,452
-	6,205	6,205
7	887	894
-	2,954	2,954
1,395	760	2,155
383	209	592
-	621	621
25	13	38
275	150	425
-	62	62
50,571	21,696	72,267
28,896	1,521	30,417
79,467	23,217	102,684

See accompanying notes and auditors' report.