



Association of Performing Arts Presenters

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2011 and 2010



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

JUNE 30, 2011 AND 2010

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to the Financial Statements	5



SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of the
Association of Performing Arts Presenters, Inc.

We have audited the accompanying statements of financial position of the Association of Performing Arts Presenters, Inc. (the Association) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 the Association as of June 30, 2011 and 2010, 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.

SB & Company, LLC

Washington, DC
November 6, 2011

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Statements of Financial Position
As of June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 100,227	\$ 7,511
Investments	2,998,746	3,438,101
Accounts receivable, net	32,711	29,738
Pledges receivable, net	342,500	773,598
Property and equipment, net	572,258	594,383
Other assets	147,917	66,959
Total Assets	<u><u>\$ 4,194,359</u></u>	<u><u>\$ 4,910,290</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 90,689	\$ 106,721
Accrued benefits	9,562	44,306
Deferred revenue	507,621	386,895
Grants payable	768,423	104,373
Deferred rent and lease incentive	164,229	156,542
Capital lease payable	-	5,599
Total Liabilities	<u><u>1,540,524</u></u>	<u><u>804,436</u></u>
Net Assets		
Unrestricted	1,017,951	1,012,402
Temporarily restricted	846,268	2,315,457
Permanently restricted	789,616	777,995
Total Net Assets	<u><u>2,653,835</u></u>	<u><u>4,105,854</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,194,359</u></u>	<u><u>\$ 4,910,290</u></u>

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

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Revenue and Support		
Annual conference	\$ 1,649,105	\$ 1,584,330
Membership dues	830,043	842,883
Publications	162,956	188,476
Contributions	162,410	210,708
Investment income	9,349	27,623
Continuing education	4,950	6,075
Other income	<u>132,899</u>	<u>123,218</u>
Total Revenue and Support	2,951,712	2,983,313
Satisfaction of Program Restrictions		
Net assets released from restrictions	<u>2,158,421</u>	<u>1,797,800</u>
Total Revenue	<u>5,110,133</u>	<u>4,781,113</u>
Expenses		
Program services:		
Members conference	1,506,679	1,631,621
Professional development	2,013,024	1,444,459
External affairs administration	481,809	504,751
Membership services	<u>508,218</u>	<u>663,367</u>
Total program services	<u>4,509,730</u>	<u>4,244,198</u>
Supporting services:		
General and administrative	363,895	384,946
Fundraising	<u>230,959</u>	<u>145,414</u>
Total supporting services	<u>594,854</u>	<u>530,360</u>
Total Expenses	<u>5,104,584</u>	<u>4,774,558</u>
Change in Unrestricted Net Assets	<u>5,549</u>	<u>6,555</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants	532,402	952,162
Investment gain	156,830	79,504
Net assets released from restrictions	<u>(2,158,421)</u>	<u>(1,797,800)</u>
Change in Temporarily Restricted Net Assets	<u>(1,469,189)</u>	<u>(766,134)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	<u>11,621</u>	<u>-</u>
Changes in net assets	(1,452,019)	(759,579)
Net assets, beginning of year	<u>4,105,854</u>	<u>4,865,433</u>
Net Assets, End of Year	<u>\$ 2,653,835</u>	<u>\$ 4,105,854</u>

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

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (1,452,019)	\$ (759,579)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	182,165	94,198
Net realized and unrealized gain on investments	(130,485)	(67,223)
Effects from changes in non-cash operating assets and liabilities:		
Accounts receivable, net	(2,973)	(2,560)
Pledges receivable, net	431,098	1,188,170
Other assets	(80,958)	81,026
Accounts payable and accrued expenses	(16,032)	48,743
Accrued benefits	(34,744)	(34,915)
Deferred revenue	120,726	(143,462)
Grants payable	664,050	(166,688)
Deferred rent and lease incentive	7,687	14,987
Net Cash from Operating Activities	<u>(311,485)</u>	<u>252,697</u>
Cash Flows from Investing Activities		
Purchases of investments	(1,098,620)	(257,321)
Proceeds from sale of investments	1,668,460	355,000
Purchases of property and equipment	(160,040)	(424,671)
Net Cash from Investing Activities	<u>409,800</u>	<u>(326,992)</u>
Cash Flows from Financing Activities		
Principal payments on capital leases obligations	(5,599)	(6,302)
Net change in cash and cash equivalents	92,716	(80,597)
Cash and cash equivalents, beginning of year	7,511	88,108
Cash and Cash Equivalents, End of year	<u>\$ 100,227</u>	<u>\$ 7,511</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 634</u>

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

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

1. ORGANIZATION

Association of Performing Arts Presenters, Inc. (the Association) exists to develop and support a robust performing arts presenting field and the professionals who work within it. The Association envisions a world where all people experience the transformative power of live performance. The performing arts presenting field is strong and vibrant - a world where performing artists are integral to all communities, where ideas circulate vigorously and freely, and where people from all cultures affirm and understand themselves and each other through the arts. To this end, the Association provides physical and virtual opportunities for meaningful, focused communication, learning, and sharing among professional peers; supports both long-established formal networks and self-identified unstructured networks and communities of practice; and activates networking and relationship building to create an efficient marketplace. The Association also provides people and organizations with capacity-building opportunities, so that they have or can attract the resources they need – knowledge, opportunities, funding, audiences – to build effective organizations and develop field leaders; identifies and researches topics of interest for the field and disseminates results, as well as providing avenues for thought leadership to emerge from the field and be heard; and places the performing arts presenting field within the arena of public discourse and at the policy-making table, so as to influence public and private-sector decision makers, arts supporters, and the general public in their civic deliberations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Association are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investment funds, which have a maturity of 90 days or less. Cash equivalents as of June 30, 2011 and 2010, consisted of money market accounts.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable

Accounts receivable are primarily from advertising fees and recorded at their estimated net realizable value. The Association records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management has recorded an allowance of \$1,000 as of June 30, 2011 and 2010.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Pledges receivable represent grants from individuals, foundations and the Federal government. Pledges receivable are deemed to be fully collectible. A discount rate of 1.64% was used to determine the present value discount as of June 30, 2010, for pledges due in excess of one year as of year end. No discount was used as of June 30, 2011, as all pledges were due within one year.

Property and Equipment

Property and equipment over \$1,500 are capitalized at cost and depreciated using the straight-line method over estimated useful lives. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance are expensed as incurred.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

Temporarily restricted net assets are those whose use by the Association has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) are reported as unrestricted net assets.

Permanently restricted net assets are those that are restricted by donors to be maintained by the Association in perpetuity.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred dues revenue in the accompanying statements of financial position.

Revenue and the related costs of the conference and continuing education are recognized in the year in which the conference or seminars are held. Accordingly, sponsorships paid by sponsors in advance of the conference year are reported as deferred sponsorship revenue in the accompanying statements of financial position.

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received and/or unconditional promises are made.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Association.

Income Taxes

The Association is exempt from the payment of income taxes other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Association receives unrelated business income from advertising that is subject to the unrelated business income tax.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions as of November 6, 2011, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

3. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2011 and 2010.

Money market funds: Valued at the closing price of the underlying market value of investments.

Equity mutual funds and fixed income mutual funds: Valued at the fair value of the investments based on the price per the active market on which the securities are traded.

Certificate of deposit: Valued at the cost of the certificate of deposit plus accrued interest.

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

The following table sets forth by level, the fair value hierarchy of the Association's investments at fair value as of June 30, 2011 and 2010:

	As of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,031,684	\$ -	\$ -	\$ 2,031,684
Fixed income mutual funds	340,555	-	-	340,555
Equity mutual funds	565,850	-	-	565,850
Certificate of deposit	-	60,657	-	60,657
Total	\$ 2,938,089	\$ 60,657	\$ -	\$ 2,998,746

	As of June 30, 2010			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,393,986	\$ -	\$ -	\$ 2,393,986
Fixed income mutual funds	330,074	-	-	330,074
Equity mutual funds	431,862	-	-	431,862
Certificate of deposit	-	282,179	-	282,179
Total	\$ 3,155,922	\$ 282,179	\$ -	\$ 3,438,101

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Notes to the Financial Statements
June 30, 2011 and 2010**

3. INVESTMENTS (continued)

Investments, at fair value, consisted of the following as of June 30, 2011 and 2010:

	2011	
	Cost	Fair Value
Money market funds	\$ 2,031,684	\$ 2,031,684
Fixed income mutual funds	337,102	340,555
Equity mutual funds	570,354	565,850
Certificate of deposit	60,000	60,657
Total	\$ 2,999,140	\$ 2,998,746

	2010	
	Cost	Fair Value
Certificate of deposit	\$ 282,179	\$ 282,179
Money market funds	2,393,986	2,393,986
Fixed income mutual funds	337,101	330,074
Equity mutual funds	570,353	431,862
Total	\$ 3,583,619	\$ 3,438,101

For the years ended June 30, 2011 and 2010, investment income consisted of the following:

	2011	2010
Dividends and interest	\$ 35,694	\$ 39,904
Realized and unrealized gains	130,485	67,223
Total investments	\$ 166,179	\$ 107,127

The Board of Directors has a Target Reserve goal for the Association. That reserve balance is established annually. The Target Reserve goal as of June 30, 2011 and 2010, was \$787,382 and \$773,689, respectively. The Association's Target Reserve funds are invested in certificates of deposit and money market funds, which represents \$1,093,485 and \$786,722 of the total invested funds as of June 30, 2011 and 2010, respectively.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

4. PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2011 and 2010, include the following unconditional promises to give:

	<u>2011</u>	<u>2010</u>
Amounts due in:		
Less than one year	\$ 342,500	\$ 554,500
One to five years	-	243,500
	<u>342,500</u>	<u>798,000</u>
Less: present value discount	-	24,402
Pledges receivable, net	<u><u>\$ 342,500</u></u>	<u><u>\$ 773,598</u></u>

5. PROPERTY AND EQUIPMENT

As of June 30, 2011 and 2010, property and equipment consist of the following:

	<u>2011</u>	<u>2010</u>	<u>Useful Lives</u>
Website platform	\$ 449,363	\$ 356,668	3 to 5 years
Office equipment and furniture	99,413	99,413	3 to 5 years
Leasehold improvements	67,998	67,998	Term of lease
Computer equipment	59,868	59,868	3 years
Computer software	59,899	39,409	3 years
CRM database	267,918	221,063	5 years
	<u>1,004,459</u>	<u>844,419</u>	
Less: accumulated depreciation	432,201	250,036	
Property and equipment, net	<u><u>\$ 572,258</u></u>	<u><u>\$ 594,383</u></u>	

Depreciation expense for the years ended June 30, 2011 and 2010, was \$182,165 and \$94,198, respectively.

6. GRANTS PAYABLE

Grants payable includes grants awarded under the Creative Campus Innovations Grants Program, Ensemble Theatre Initiative Grants and Cultural Exchange Fund. As of June 30, 2011 and 2010, grants payable are due as follows:

	<u>2011</u>	<u>2010</u>
Within one year	\$ 768,423	\$ 104,373
One to five years	-	-
Subtotal	<u>768,423</u>	<u>104,373</u>
Less: present value discount	-	-
Total grants payable	<u><u>\$ 768,423</u></u>	<u><u>\$ 104,373</u></u>

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

6. GRANTS PAYABLE (continued)

Balances are fully payable upon the satisfaction of the programmatic requirement. Approximately 92% and 56% of the grants payable as of June 30, 2011 and 2010, respectively, represents the Creative Campus re-granting awards with final payment scheduled for fiscal year 2012. Creative Campus Innovations Grant Program is a competitive re-granting program that provides support to college and university presenters for a variety of campus-based activities that fully integrate the work of presenters into the life of the academy and the community. The Cultural Exchange Fund is a travel subsidy program that assists presenting professionals to build cross-cultured partnerships and collaborations with artists from outside the United States of America that lead to expanded presenting and touring opportunities for deserving work. The program will also support long term international cultural exchange projects, residencies and commissions.

7. ENDOWMENT

The Association's endowment consists of two funds established for programs. Its endowment includes donor-restricted endowment funds. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors, to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund
- the purposes of the Association and the donor-restricted endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Association
- the investment policies of the Association

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

7. ENDOWMENT (continued)

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the primary objective in the investment management for fund assets is the preservation of purchasing power after spending - to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for the distribution of 5% of its donor-restricted endowment fund's portfolio value. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow at the rate of inflation annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). For donor-restricted endowments, the Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Notes to the Financial Statements
June 30, 2011 and 2010**

7. ENDOWMENT (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in temporarily restricted net assets were \$17,067 as of June 30, 2010. There were no deficiencies as of June 30, 2011. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board.

Composition of the Endowment by Net Assets

As of June 30, 2011 and 2010, the composition of the endowment is as follows:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ 122,235</u>	<u>\$ 789,616</u>	<u>\$ 911,851</u>
	2010		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ (17,067)</u>	<u>\$ 777,995</u>	<u>\$ 760,928</u>

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

**Notes to the Financial Statements
June 30, 2011 and 2010**

7. ENDOWMENT (continued)

Changes in Endowment Net Assets

For the years ended June 30, 2011 and 2010, the changes in endowment net assets are as follows:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ (17,067)	\$ 777,995	\$ 760,928
Contributions	-	11,621	11,621
Investment return:			
Investment income	25,387	-	25,387
Net appreciation (realized and unrealized)	131,443	-	131,443
Withdrawals	(17,528)	-	(17,528)
Endowment Net Assets, End of Year	<u>\$ 122,235</u>	<u>\$ 789,616</u>	<u>\$ 911,851</u>
	2010		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ (96,571)	\$ 777,995	\$ 681,424
Investment return:			
Investment income	10,264	-	10,264
Net depreciation (realized and unrealized)	69,240	-	69,240
Total investment return	79,504	-	79,504
Endowment Net Assets, End of Year	<u>\$ (17,067)</u>	<u>\$ 777,995</u>	<u>\$ 760,928</u>

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
National Organization Initiative	\$ 283,597	\$ 420,642
Creative Campus	196,952	1,767,186
Cultural Exchange	212,665	72,488
Endowment Earnings	122,235	(17,067)
Other Programs	30,819	72,208
Total	<u>\$ 846,268</u>	<u>\$ 2,315,457</u>

9. PERMANENTLY RESTRICTED NET ASSETS

As of June 30, 2011 and 2010, the Association held the following permanently restricted net assets:

	<u>2011</u>	<u>2010</u>
Classical Connections	\$ 632,921	\$ 621,800
William Dawson Fund	156,695	156,195
Total	<u>\$ 789,616</u>	<u>\$ 777,995</u>

10. COMMITMENTS AND CONTINGENCIES

Operating Lease

During the year ended June 30, 2008, the Association entered into a ten year non-cancelable operating lease for its current office space located in the downtown business district of Washington, DC. The lease commenced on October 1, 2007, and expires September 30, 2017. The lease provides for annual rent increases of 2.5% over the term of the lease.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent and lease incentive in the accompanying statements of financial position.

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

10. COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease (continued)

As of June 30, 2011, future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2012	\$ 306,814
2013	319,610
2014	329,309
2015	337,542
2016	345,980
Thereafter	443,831
Total	\$ 2,083,086

Capital Lease

During 2007, the Association leased a copier under a lease that is classified as a capital lease for financial reporting purposes. The lease expired on April 30, 2011. The lease for the copier contained a bargain purchase option and was purchased at the end of the lease term. The leased equipment is included in property and equipment at a cost of \$29,190 with accumulated depreciation of \$29,190 and \$23,591, as of June 30, 2011 and 2010, respectively.

Contracts

The Association has entered into agreements with hotels to provide conference facilities and room accommodations for its annual conference through 2015. The agreements contain various clauses whereby the Association is liable for liquidated damages in the event of cancellation or lower than anticipated attendance. Management of the Association does not believe that any losses will be incurred under these contracts. As of June 30, 2011, the maximum possible amount of liquidation damages per year is listed below:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2012	\$ 877,804
2013	698,575
2014	580,905
2015	480,485
Total	\$ 2,637,769

ASSOCIATION OF PERFORMING ARTS PRESENTERS, INC.

Notes to the Financial Statements June 30, 2011 and 2010

11. RELATED PARTY TRANSACTIONS

The Association entered into an agreement, effective April 19, 2004, with the American Arts Alliance, formerly known as Performing Arts Alliance, Inc. (PAA) whereby the Association provides the services as required by the PAA, a nonprofit organization. The executive director of the Association is the secretary of the Board of Directors of the PAA. The PAA pays for the actual direct and indirect costs incurred by the Association in performing services for the PAA, which includes salaries, fringe benefits, rent and utilities. Fees earned from the PAA for the years ended June 30, 2011 and 2010, were \$90,400 and \$86,770, respectively, and are included in other income in the accompanying statements of activities and changes in net assets.

The Association was created to provide information and services to the presenting field. As a service to the field, the Association may periodically undertake the administration of competitive funding programs. This policy covers programs in which applicants compete for funding. For the year ended June 30, 2010, the Association awarded \$30,000 to organizations represented by members of its Board. No awards were made for the year ended June 30, 2011. The Association's Board adopted a conflict of interest policy to address any perceived conflicts.

12. PENSION PLAN

The Association has a tax deferred annuity plan available to employees who have completed one year of service and are scheduled to work twenty hours or more per week. Under this plan, the Association contributes 5% of the eligible employee's annual salary to the annuity program. Employees are 100% vested in employer contributions. For the years ended June 30, 2011 and 2010, total pension expense was \$42,002 and \$56,427, respectively.