



**THE CENTER FOR THE
PERFORMING ARTS, INC.**

**(Formerly CARMEL PERFORMING
ARTS FOUNDATION, INC.)**

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

CPAs / ADVISORS



THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

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JUNE 30, 2011 AND 2010

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Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Center for the Performing Arts, Inc.
Carmel, Indiana

We have audited the accompanying statements of financial position of The Center for the Performing Arts, Inc. (the "Center" – formerly, Carmel Performing Arts Foundation, Inc.) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center'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 audits 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.

As explained in note 9 to the financial statements, the Center was granted the unconditional right to use the Palladium over a period of 50 years during 2011. The Center has not recorded any value for this contribution in the accompanying financial statements. In our opinion, accounting principles generally accepted in the United States of America require that the contribution of a long-lived asset be recorded at its fair value at the date of receipt both as an asset and temporarily restricted contribution that is released into unrestricted net assets over the term of the agreement. It was not practicable to determine the effects of the unrecorded contribution on the financial statements.

In our opinion, except for the effects on the 2011 financial statements of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of The Center for the Performing Arts, Inc. 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.

Blue & Co., LLC

January 12, 2012

THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS		
	2011	2010
Current assets		
Cash and cash equivalents	\$ 1,214,883	\$ 1,391,875
Accounts receivable, net	54,013	-0-
Contributions receivable, net	765,489	311,891
Prepaid expenses		
General operations	344,062	-0-
Performances	706,238	82,638
Tarkington grand opening	59,515	-0-
	1,109,815	82,638
Total current assets	3,144,200	1,786,404
Due from Michael Feinstein Foundation	16,845	-0-
Contributions receivable, net	1,793,570	323,529
Other assets	74,656	-0-
Property and equipment, net	863,202	38,652
	\$ 5,892,473	\$ 2,148,585
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 600,002	\$ 260,196
Accrued expenses	120,826	161,392
Deferred revenue	1,439,002	-0-
Promissory note payable	362,153	-0-
Total current liabilities	2,521,983	421,588
Energy Center liability	39,792	-0-
Total liabilities	2,561,775	421,588
Net assets		
Unrestricted	699,239	1,136,577
Temporarily restricted	2,631,459	590,420
Total net assets	3,330,698	1,726,997
	\$ 5,892,473	\$ 2,148,585

See accompanying notes to financial statements.

THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	2011		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Earned revenue			
Ticket sales and fee income	\$ 1,843,958	\$ -0-	\$ 1,843,958
Rental income	131,230	-0-	131,230
Catering and concession sales	111,097	-0-	111,097
Advertising	93,350	-0-	93,350
Other	38,569	-0-	38,569
	<u>2,218,204</u>	<u>-0-</u>	<u>2,218,204</u>
Contributed income			
Local Government funds	2,354,157	-0-	2,354,157
Corporations	33,403	916,409	949,812
Palladium grand opening	838,472	298,500	1,136,972
Foundations	3,200	3,000	6,200
General public	574,161	1,789,905	2,364,066
	<u>3,803,393</u>	<u>3,007,814</u>	<u>6,811,207</u>
Bad debt expense	-0-	(37,500)	(37,500)
Donated services	343,034	137,250	480,284
Net assets released from restrictions	<u>1,066,525</u>	<u>(1,066,525)</u>	<u>-0-</u>
Total support and revenue	<u>7,431,156</u>	<u>2,041,039</u>	<u>9,472,195</u>
Expenses			
Program services			
Performances	4,512,728	-0-	4,512,728
Community education and outreach	367,076	-0-	367,076
Grand Openings	1,690,816	-0-	1,690,816
	<u>6,570,620</u>	<u>-0-</u>	<u>6,570,620</u>
Fundraising	434,504	-0-	434,504
Manangement and general	863,370	-0-	863,370
Total expenses	<u>7,868,494</u>	<u>-0-</u>	<u>7,868,494</u>
Change in net assets	(437,338)	2,041,039	1,603,701
Net assets, beginning of year	<u>1,136,577</u>	<u>590,420</u>	<u>1,726,997</u>
Net assets, end of year	<u>\$ 699,239</u>	<u>\$ 2,631,459</u>	<u>\$ 3,330,698</u>

See accompanying notes to financial statements.

THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	2010		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions:			
General public	\$ 372,405	\$ 23,466	\$ 395,871
Local government funds	<u>2,035,904</u>	<u>-0-</u>	<u>2,035,904</u>
	2,408,309	23,466	2,431,775
Donated services	81,907	-0-	81,907
Interest income	2,485	-0-	2,485
Other income	1,667	-0-	1,667
Net assets released from restrictions	<u>365,000</u>	<u>(365,000)</u>	<u>-0-</u>
Total support and revenue	2,859,368	(341,534)	2,517,834
Expenses			
Program services	1,375,072	-0-	1,375,072
Fundraising	231,002	-0-	231,002
Management and general	<u>418,087</u>	<u>-0-</u>	<u>418,087</u>
Total expenses	<u>2,024,161</u>	<u>-0-</u>	<u>2,024,161</u>
Change in net assets	835,207	(341,534)	493,673
Net assets, beginning of year	<u>301,370</u>	<u>931,954</u>	<u>1,233,324</u>
Net assets, end of year	<u>\$ 1,136,577</u>	<u>\$ 590,420</u>	<u>\$ 1,726,997</u>

See accompanying notes to financial statements.

THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Operating activities		
Change in net assets	\$ 1,603,701	\$ 493,673
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	83,530	-0-
Bad debts	37,500	-0-
Change in unamortized discount on contributions receivable	(46,238)	(23,466)
Changes in assets and liabilities:		
Accounts receivable	(56,613)	-0-
Contributions receivable	(1,912,301)	320,000
Prepaid expenses	(1,027,177)	(82,638)
Due from Michael Feinstein Foundation	(16,845)	-0-
Other assets	(74,656)	-0-
Accounts payable	339,806	226,243
Accrued expenses	(40,566)	161,392
Deferred revenue	1,439,002	-0-
Energy Center liability	39,792	-0-
Net cash flows from operating activities	368,935	1,095,204
Investing activities		
Capital expenditures	(545,927)	(38,652)
Net change in cash and cash equivalents	(176,992)	1,056,552
Cash and cash equivalents, beginning of year	1,391,875	335,323
Cash and cash equivalents, end of year	\$ 1,214,883	\$ 1,391,875
Supplemental disclosure of non-cash investing and financing activities		
Leasehold improvements aquired through issuance of a promissory note	\$ 362,153	\$ -0-

See accompanying notes to financial statements.

THE CENTER FOR THE PERFORMING ARTS, INC.
(Formerly CARMEL PERFORMING ARTS FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. NATURE OF ACTIVITIES

The Center for the Performing Arts, Inc. (the "Center") is a not-for-profit organization located in Carmel, Indiana. The Center's purpose is to serve as the performance home for several local resident performing arts organizations as well as to present the finest performing artists from around the world and develop an arts education program to interact with the community.

Until the Center opened for public performances, the Center's support was derived mainly from contributions. Beginning in 2011, the Center began operating The Palladium, The Tarkington, and The Studio Theater all of which are located in Carmel, Indiana. With the opening of these venues, the Center began deriving revenue from individual donors' contributions, various government and arts grants, ticket sales from performances, revenues from rental of the facilities and concession fees.

During 2011, the Center changed its name from the Carmel Performing Arts Foundation, Inc. to The Center for the Performing Arts, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center's resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Temporarily restricted net assets – The part of net assets resulting from contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Center pursuant to those stipulations.

Unrestricted net assets – The part of net assets that are not subject to donor-imposed stipulations.

Estimates

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Cash Equivalents

The Center considers all liquid funds with original maturities of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value. There were no cash equivalents at June 30, 2011 and the cash equivalents at June 30, 2010 primarily consisted of money market funds.

Accounts Receivable

Accounts receivable represent amounts due from various individuals and entities for advertising and other miscellaneous activities. Accounts receivable are originally recorded at the amount billed and are reported net of any anticipated losses due to uncollectible amounts. The Center does not charge interest on accounts that are past due.

Management evaluates an allowance for doubtful accounts receivable based on its assessment of the current status of individual accounts, an evaluation of historical losses, current economic conditions and other factors unique to its member base. Amounts still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The allowance for uncollectible accounts receivable is \$8,000 and \$0 at June 30, 2011 and 2010, respectively.

Contributions Receivable

Contributions receivable are amounts due to the Center based on unconditional promises to give made by individuals and entities and are unsecured. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on qualifying contributions receivable were computed using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of the pledges. At June 30, 2011, discount rates used ranged from 0.19% to 1.76% and at June 30, 2010 the discount rates used ranged from 0.3% to 2.9%.

Management estimates an allowance for doubtful contributions receivable based on an analysis of current economic conditions and current and past experience with their donor base. At June 30, 2011 and 2010, the allowance for uncollectible contributions receivable is \$12,500 and \$0, respectively.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Property and Equipment

It is the Center's policy to capitalize property and equipment, including software and website development costs, with an original cost or value when donated of over \$1,000 with lesser amounts being expensed. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed on a straight-line method for all capitalized assets over the estimated useful service life of the various classes of property and equipment. Furniture is depreciated over a seven year useful life; leasehold improvements over 20 years, computer hardware is depreciated over five years and software and website development costs over three years. Upon retirement or disposal of property and equipment, the costs and related accumulated depreciation amounts are eliminated, and any gain or loss is included in the statement of activities.

Support and Revenue Recognition

The Center derives its revenues from the sale of tickets and performance fees as well as receiving contributions from the general public, governmental agencies, philanthropic foundations, and other organizations. Ticket sales and performance fees are recognized as increases in unrestricted net assets when earned. Ticket sales in advance of concert performances are recorded as deferred revenue. Pledges, government grants, and operating grants are recorded as assets when the pledge commitments are received. The related revenue that is not restricted by the donor or restricted by time is reported as an increase in unrestricted net assets. However, unrestricted support which is receivable in future periods is reported as an increase in temporarily restricted net assets. All other donor-restricted support is reported as an increase in temporarily restricted net assets. Expirations of temporary restrictions on net assets, either by fulfillment of the stipulated purpose or the passage of time, are reported as reclassifications between the applicable classes of net assets.

Concert Advertising Costs

The Center defers direct advertising costs associated with a particular production until the year the production runs. Total advertising costs deferred at June 30, 2011 and 2010 were \$343,702 and \$0, respectively. Concert advertising expenses for the year ended June 30, 2011 and 2010 were \$875,396 and \$581,315, respectively.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Donated Services

Qualifying donated services received by the Center are recognized as support and expense at their estimated fair value. For the year ended June 30, 2011, the Center received the donation of a full service office suite arrangement, which included office space, internet access, utilities, printer, copier (copies), receptionist services and the use of conference rooms. The Center recognized donated services and expense in the amount of \$480,284.

Functional Allocation of Expenses

The costs of providing the programs and services of the Center have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Although the method used was appropriate, other methods could have produced different results.

Income Taxes

The Center is exempt from Federal and state income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. The exemption is on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Center's net advertising income is considered unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Center, and has concluded that as of June 30, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Center has filed its federal and state income tax returns for periods through June 30, 2010. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

Subsequent Events

The Center evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 12, 2012, which is the date the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following at June 30:

	2011	2010
Receivable in less than one year	\$ 765,489	\$ 315,000
Receivable in one to five years	<u>1,881,888</u>	<u>350,000</u>
	2,647,377	665,000
Less allowance for doubtful accounts	(12,500)	-0-
Less unamortized discount	<u>(75,818)</u>	<u>(29,580)</u>
	<u>\$ 2,559,059</u>	<u>\$ 635,420</u>

Contributions receivable are classified on the statement of financial position as follows:

	2011	2010
Current	\$ 765,489	\$ 311,891
Long-term	<u>1,793,570</u>	<u>323,529</u>
	<u>\$ 2,559,059</u>	<u>\$ 635,420</u>

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

4. PROPERTY AND EQUIPMENT

The major classes of property and equipment, along with the respective accumulated depreciation are as follows at June 30:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 487,153	\$ -0-
Computer hardware	39,501	-0-
Computer software	164,876	-0-
Website development	<u>255,202</u>	<u>38,652</u>
	946,732	38,652
Less: accumulated depreciation	<u>(83,530)</u>	<u>-0-</u>
	<u>\$ 863,202</u>	<u>\$ 38,652</u>

5. PROMISSORY NOTE PAYABLE

In October 2010, the Center entered into a promissory note arrangement with Shiel Sexton Company, Inc. for the payoff of the leasehold improvements made at the Palladium for the offices to be used by the Feinstein Foundation for the Education and Preservation of the Great American Songbook, Inc. (Note 10)

The note is due January 31, 2012. Interest accrues on the unpaid principal balance at nine percent (9%) per annum and fifteen percent (15%) per annum after maturity until paid. However, interest does not begin to accrue on the unpaid principal balance until the Center fails or is unable to make timely payments.

The balance of the promissory note is \$362,153 and \$0 at June 30, 2011 and 2010, respectively.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

6. NET ASSETS

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2011</u>	<u>2010</u>
Future periods	\$ 2,100,434	\$ 590,420
Sponsorships of future performances	481,296	-0-
Role Model Art Award	49,729	-0-
	<u>\$ 2,631,459</u>	<u>\$ 590,420</u>

Released From Restrictions

Net assets were released from donor restrictions as follows during the years ended June 30:

	<u>2011</u>	<u>2010</u>
Time restriction expired	\$ 270,000	\$ 365,000
Sponsorships of future performances	771,525	-0-
Role Model Art Award	25,000	-0-
	<u>\$ 1,066,525</u>	<u>\$ 365,000</u>

7. RETIREMENT PLAN

The Center offers a safe harbor 403(b) plan to its employees that meet certain eligibility requirements. The plan allows for employee elective contributions as well as employer contributions equal to 3% of eligible compensation regardless of whether employees make elective contributions. The Center's contributions to the plan totaled \$38,662 and \$3,441 for the years ended June 30, 2011 and 2010, respectively.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

8. CONCENTRATIONS

The Center maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

At June 30, 2011, two donors accounted for 92% of the Center's net pledges receivable. The Center received 96% of its total contributions from three donors for the year ended June 30, 2011.

9. THE PALLADIUM

The City of Carmel Redevelopment Authority (CRA) holds fee title to the Palladium. The CRA has leased the Palladium to the City of Carmel Redevelopment Commission (CRC). On March 14, 2011, the Center entered into an agreement with (CRC) for programming and facility management, operations and maintenance of the Palladium. The initial term of the agreement is for 50 years. Under the agreement, the Center has the exclusive right and responsibility for managing and operating the Palladium.

The Center does not pay rent to the CRC for use of the Palladium. Accounting principles generally accepted in the United States of America require that the fair rental value, determined by applying the terms and restrictions of the applicable lease or operating agreement for the use of facilities contributed to an organization, be recorded in the initial year of the agreement as a temporarily restricted contribution and subsequently as net assets released with an offsetting in-kind rent expense over the term of the agreement. Management has deemed it not practical to determine the fair value of the agreement due to the uncertainty of expenses continuing to exceed revenue over the term of the operating agreement. See Note 11.

The Center is responsible for all operating costs and program costs related to the Palladium with the exception of any debt service costs. All revenue earned by the Center is the exclusive property of the Center. The Center does collect and remit to the CRC a parking surcharge fee and valet revenue.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
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10. AFFILIATION AGREEMENT WITH THE FEINSTEIN FOUNDATION

The Center entered into a formal Affiliation Agreement with The Feinstein Foundation for the Education and Preservation of the Great American Songbook, Inc. (MFF) as of May 31, 2011. Under the affiliation agreement, the Center is responsible for supporting and funding the functions of the MFF in support of its mission and ongoing operations including management services; administrative services; bookkeeping and accounting services; marketing and communications; human resources, payroll benefits management; collections management; and vocal academy and competition management, and other educational programming to be developed. The MFF will maintain its own tax-exempt determination from the IRS under Code Section 501(c)(3), keep and maintain separate books and records and file its own IRS Forms 990 and other applicable tax returns.

Beginning on June 1, 2011, the governance structure of the MFF consisted of the seven pre-affiliation directors of the MFF in addition to seven directors appointed by the Board of Directors of the Center.

No later than May 31, 2014, both the Board of Directors of the Center and the Board of Directors of the MFF will vote whether to ratify the initial affiliation to a permanent affiliation. The failure of either or both of the Board's to hold a ratification vote shall be deemed to be an acceptance of the permanent affiliation. A deadlock or indecisive vote of either of the Board's shall be deemed to be an acceptance of the permanent affiliation. Should either of the Board's, by simple majority vote, choose not to ratify the permanent affiliation, the initial affiliation will be terminated and the corporate governance, management and operations of the Center and MFF will be unwound.

Upon termination, a determination will be made as to the balance of receipts and expenses, based on MFF's separately maintained accounting records, owed to or from the MFF. Should MFF have a positive balance (more income generated from fundraising than expended on programming) the Center will pay the balance to MFF. Conversely, if MFF has a negative balance (less income generated by MFF fundraising than expended on programming) MFF will pay the balance to the Center.

During the initial affiliation period, because the Center and the MFF are legally separate entities and control of the MFF exists only through the affiliation agreement and not as a result of Board structure, the accounts of the MFF have not been combined with the Center in the accompanying financial statements.

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JUNE 30, 2011 AND 2010

Significant transactions and balances between the Center and the MFF are as follows:

- At inception of the affiliation agreement (May 31, 2011), the MFF transferred its cash balance of \$16,704 to the Center.
- During the month of June, 2011, the Center paid salaries, benefits and other expenses on behalf of the MFF totaling \$33,549.
- At June 30, 2011, the Center had a receivable recorded from the MFF of \$16,845.

Following is the summarized financial data for MFF as of and for the six months ending June 30, 2011:

Total assets	\$ 1,396,511
Total liabilities	<u>20,727</u>
Net assets	<u>\$ 1,375,784</u>
Total support and revenue	\$ 52,017
Total expenses	<u>\$ 232,736</u>
Change in net assets	<u>\$ (284,753)</u>

The above amounts have not been consolidated in the financial statements of the Center.

11. CONTINGENCY

The Center operates at a loss and relies on funding from the City of Carmel to subsidize the deficits. The funding from the City of Carmel is renewed annually and is dependent upon the availability of funds and the Center's compliance with the requirements of the contracts and grants. Therefore, annual funding under these grants is not guaranteed. During the years ended June 30, 2011 and 2010, the Center was awarded \$2,354,157 and \$1,635,904, respectively, from the City of Carmel.

THE CENTER FOR THE PERFORMING ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

12. COMMITMENTS

The Center has entered into an agreement with the City of Carmel Utilities Department to purchase certain utilities from the Carmel Energy Center used at the Palladium. The agreement expires July 31, 2035 and requires monthly payments of \$16,084 through July 31, 2023 at which time the monthly payment increases to \$29,670 through July 31, 2035. The escalating payment provisions are reported as a deferred liability and expensed on a straight line basis over the term of the agreement. The deferred liability at June 30, 2011 was \$39,792.

The Center is required to make minimum annual payments as follows regardless of the amount of utilities used:

<u>Year Ended June 30</u>	
2012	\$ 149,211
2013	156,601
2014	164,431
2015	172,653
2016	181,285
Thereafter	<u>6,047,657</u>
Future minimum payments	<u>\$ 6,871,838</u>