

**GOVERNOR NELSON A. ROCKEFELLER
EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(An Enterprise Fund of the State of New York)**

**FINANCIAL STATEMENTS
(and Report of Independent Accountants)**

March 31, 2012 and 2011

DRAFT

**GOVERNOR NELSON A. ROCKEFELLER
EMPIRE STATE PLAZA PERFORMING ARTS CENTER CORPORATION
(An Enterprise Fund of the State of New York)**

FINANCIAL STATEMENTS

March 31, 2012 and 2011

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors

Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation

We have audited the accompanying statements of net assets of the Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation (The Egg), a New York Public Benefit Corporation and an Enterprise Fund of the State of New York, as of March 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of The Egg'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 Egg as of March 31, 2012 and 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2012 on our consideration of The Egg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Pryba, Tobin & Associates, C.P.A.'s, P.C.

Latham, New York

_____, 2012

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Management Discussion and Analysis

The Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, hereafter referred to as "The Egg", is pleased to present its 2012 Annual Financial Report developed in compliance with the Statement of Governmental Standard No. 34 (GASB34) and related standards.

Responsibilities and Controls

The management of The Egg has prepared and is responsible for the financial statements and related information included in this report. A system of internal controls is maintained to provide reasonable assurance that assets are safeguarded and the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes that its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Egg's system of internal accounting controls is evaluated on an ongoing basis by The Egg's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Finance Committee of The Egg's Board of Directors serves the role of an Audit Committee. It is composed of members of the Board who are not employees of The Egg and who provide a broad view of management's financial reporting and control functions. Periodically, this Committee meets with management and the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that The Egg's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material aspects, the financial position, results of operations, and cash flows of the Egg in conformity with the accounting principles generally accepted in the United States of America.

Audit Assurance

The unqualified (i.e. clean) opinion of our independent external auditors, Pryba, Tobin & Associates, C.P.A.'s, P.C. is included on pages 1 and 2 of this report. This section presents management's discussion and analysis of The Egg's financial condition and activities for the year ending March 31, 2012. This information should be read in conjunction with the financial statements.

Financial Highlights

The following are some of the key highlights of the last fiscal year:

- The effects of the significant decrease in funding from the State of New York initiated in the 2010-11 year continued to be felt in the 2011-12 year with funding decreased another \$25,000. This combined with lackluster ticket sales, fewer theater rentals and a series of cancelled performances to cause a deeper than expected operating deficit.
- The presentation of the original "New York – The State of the Arts" education project, the "New York, New York" and "New York Living Legacy" were again suspended and the "Dance New York" presentations were cut back – due to lack of sufficient funds.

- While the board is continuing to explore ways to replace the significant loss of income from New York State through fund raising events and membership campaigns, it has requested that the Office of General Services explore an alternative organizational structure for that would provide greater financial stability.
- While the financial situation caused the center to suspend certain programs, it continued its work as the administrative arm of the New York State Presenters Network which serves presenters and performing artists across the State of New York.

REQUIRED FINANCIAL STATEMENTS

The financial statements for The Egg report information about the accounting methods which are used and are similar to those used by private sector companies. These statements offer short and long term financial information about its activities.

The balance sheet includes all of The Egg's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to The Egg's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the statement of revenues and expenses. This statement measures the success of The Egg's operations over the past year and can be used to determine whether The Egg has successfully met all its costs and fees through its admissions and rental of the facility.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of the material data provided in the statements. The notes present information about The Egg's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation (a/k/a The Egg) was created by an act of Legislation in 1979 to provide upstate New York with a world class performing arts center in order to present the finest artistic talent in New York State as well as provide a venue for international artists. A public benefit corporation, The Egg presents world class modern dance and family entertainment, as well as a wide variety of music and theater events. Although predominantly local, The Egg's audience comes from Western Massachusetts, Syracuse, Poughkeepsie, the Adirondack Region, as well as national and international tour groups. In addition, it is The Egg's policy to provide free tickets to many public service organizations in the Capital Region so that those who are living below the poverty level can have the same cultural opportunities as those who can afford a full price ticket. In this way, as well as programming, The Egg attracts the most diverse audiences, bringing them together through the shared experience of artistic creation. The Egg also provides space and develops programs for civic, governmental, performing arts, and other cultural and public entities for the benefit of the citizens of New York State, as well as the departments and agencies of New York State government.

The Egg pays the New York State Office of General Services (OGS), a related party, for its maintenance, insurance, parking and telephones. The venue is maintained by OGS but is operated and managed by The Egg and consists of the Kitty Carlisle Hart Theater (982 seats) and The Lewis A. Swyer Theater (445 seats). Each theater offers a spacious lounge area; the Hart Theater Lounge is capable of holding large receptions. Offices are located on the Concourse and P-1 Levels of the Empire State Plaza; the P-1 area contains a scene shop, costume shop, paint room, 2 large rehearsal rooms as well as storage.

General Authority Data

The Egg hosted more than 155 events during its 2011-12 season with more than 64,000 people attending.

Financial Analysis

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring and planning.

Condensed Statement of Net Assets

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current assets	\$ 562,635	\$ 552,918	\$ 9,717	2
Equipment, net	<u>11,277</u>	<u>16,806</u>	<u>(5,529)</u>	<u>(33)</u>
Total assets	<u>\$ 573,912</u>	<u>\$ 569,724</u>	<u>\$ 4,188</u>	<u>1</u>
LIABILITIES AND NET ASSETS				
Current liabilities	<u>\$ 513,306</u>	<u>\$ 372,436</u>	<u>\$ 140,870</u>	<u>38</u>
NON-CURRENT LIABILITIES				
Other postretirement benefits	<u>252,920</u>	<u>212,905</u>	<u>40,015</u>	<u>19</u>
Net assets				
Invested in capital assets	11,277	16,806	(5,529)	(33)
Unrestricted	<u>(203,591)</u>	<u>(32,423)</u>	<u>(171,168)</u>	<u>528</u>
Total net assets	<u>(192,314)</u>	<u>(15,617)</u>	<u>(176,697)</u>	<u>1,131</u>
Total liabilities and net assets	<u>\$ 573,912</u>	<u>\$ 569,724</u>	<u>\$ 4,188</u>	<u>1</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenue	\$ 1,535,937	\$ 1,891,193	\$ (355,256)	(19)
Non-operating revenue	<u>2,340</u>	<u>4,834</u>	<u>(2,494)</u>	<u>(52)</u>
Total revenues	<u>1,538,277</u>	<u>1,896,027</u>	<u>(357,750)</u>	<u>(19)</u>
Depreciation expense	13,075	19,275	(6,200)	(32)
Other operating expense	<u>1,701,899</u>	<u>2,031,925</u>	<u>(330,026)</u>	<u>(16)</u>
Total expenses	<u>1,714,974</u>	<u>2,051,200</u>	<u>(336,226)</u>	<u>(16)</u>
Change in net assets	<u>(176,697)</u>	<u>(155,173)</u>	<u>(21,524)</u>	<u>(14)</u>
Net assets, beginning of year	<u>(15,617)</u>	<u>139,556</u>	<u>(155,173)</u>	<u>(50)</u>
Net assets, end of year	<u>\$ (192,314)</u>	<u>\$ (15,617)</u>	<u>\$ (176,697)</u>	<u>(111)</u>

Financial Condition

In recent fiscal years, The Egg had generated operating surpluses and had erased a substantial negative fund balance. The last three seasons have proved challenging to the arts industry as a whole and The Egg has not proved immune. With a flagging national economy (which precipitated a dip in attendance), and a cut in funding from the State of New York, The Egg board have made adjustments to programming and staff in order to keep The Egg competitive.

As noted in previous financial statements, over the past two decades, The Egg has received 33% to 50% of its operating revenue from the State of New York. While the percentage has significantly declined in recent years due to the success of programming and management of The Egg, these funds remain critical to The Egg's ability to deliver on its mission to present a wide range of artistic talent to its diverse audience.

Long Term Obligations

With its current cash flow, The Egg has been able to pay all other vendors within the Prompt Payment Guidelines that have been established by management.

The Egg has recorded a long term obligation for other postretirement benefits.

Contacting the Authority's Financial Manager

This financial report is intended to provide a general overview of The Egg's fiscal health and to illustrate The Egg's accountability for the revenue it receives. If you have questions about this report or need further information, contact the Business Manager, Matthew G. Moross at The Egg, PO Box 2065, Albany, NY 12220 or at www.theegg.org.

Principal Officials

The Egg's Board of Directors is as follows:

<u>Name</u>	<u>Appointed by</u>
Neil Davidoff - Chair	Governor
RoAnne Destito	OGS Commissioner
Anthony Esposito	Governor
Sharon Bright Holub	County Executive
Chuck Liddle	Governor
Joyce Shenker	Speaker
Maston Sansom	Majority Leader of the Senate
Alexander Boschi	Majority Leader of the Senate
Brian Petraitis	Speaker
Wendy Buell	Governor
C.B. Slutsky	Governor
James Sullivan	Governor
Reg Willcocks	Minority Leader of Assembly
John A. Frederick	Mayor of Albany
Vincent McArdle	Governor
Katherine A. McCartney	Governor

Peter A. Lesser, Executive Director

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

STATEMENTS OF NET ASSETS
March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 512,637	\$ 445,135
Cash - Agency funds held	11,607	22,676
Accounts receivable	13,454	16,667
Accounts receivable - Agency	-	-
Prepaid expenses	24,937	68,440
Total current assets	<u>562,635</u>	<u>552,918</u>
 EQUIPMENT, net	 <u>11,277</u>	 <u>16,806</u>
	<u>\$ 573,912</u>	<u>\$ 569,724</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 271,812	\$ 178,254
Agency funds payable	11,607	22,676
Deferred revenue	69,950	104,130
Vendor tickets payable	159,937	67,376
Total current liabilities	<u>513,306</u>	<u>372,436</u>
 NON-CURRENT LIABILITIES		
Other postretirement benefits	<u>252,920</u>	<u>212,905</u>
 NET ASSETS		
Investment in capital assets	11,277	16,806
Unrestricted	<u>(203,591)</u>	<u>(32,423)</u>
	<u>(192,314)</u>	<u>(15,617)</u>
	<u>\$ 573,912</u>	<u>\$ 569,724</u>

See notes to financial statements.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Ticket sales	\$ 768,018	\$ 989,505
Rental, concession, and other operating revenue	436,186	548,287
Corporate and foundation grants	31,090	33,702
Individual contributions	77,290	64,159
State appropriations	220,000	245,000
Fundraising	3,353	10,540
Total operating revenues	<u>1,535,937</u>	<u>1,891,193</u>
Operating Expenses		
Performance costs		
Programming	594,510	759,456
Special Programming Event	-	1,405
Marketing	38,348	56,150
Front of house	4,749	5,744
Production	84,764	97,056
	<u>722,371</u>	<u>919,811</u>
Management and general		
Salaries and wages	497,966	569,651
Payroll taxes	50,760	56,283
Depreciation	13,075	19,275
Employee benefits	133,145	116,917
General and administrative	126,090	140,033
Insurance	33,127	30,851
Maintenance	97,850	92,000
Travel and entertainment	575	641
	<u>952,588</u>	<u>1,025,651</u>
Total operating expenses	<u>1,674,959</u>	<u>1,945,462</u>
Operating loss before other postretirement benefits	(139,022)	(54,269)
Other postretirement benefits (Note 7)	40,015	105,738
Operating loss	<u>(179,037)</u>	<u>(160,007)</u>
Nonoperating Revenues		
Interest earnings	455	455
Other, net	1,885	4,379
	<u>2,340</u>	<u>4,834</u>
Change in net assets	(176,697)	(155,173)
Net Assets, beginning of year	<u>(15,617)</u>	<u>139,556</u>
Net Assets, end of year	<u>\$ (192,314)</u>	<u>\$ (15,617)</u>

See notes to financial statements.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,181,460	\$ 1,474,290
Received from grants and contributions	103,510	97,446
Received from State appropriations	220,000	376,280
Paid to suppliers and vendors for goods and services	(743,972)	(1,179,687)
Paid to employees for services, including benefits	(688,290)	(738,653)
Payments made/collected on behalf of Agency	-	8,014
Net cash provided by (used in) operating activities	<u>72,708</u>	<u>37,690</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(7,546)</u>	<u>(9,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	455	455
Other nonoperating revenues	1,885	4,379
Net cash from investing activities	<u>2,340</u>	<u>4,834</u>
Net increase in cash	67,502	33,288
Cash, beginning of year	<u>445,135</u>	<u>411,847</u>
Cash, end of year	<u>\$ 512,637</u>	<u>\$ 445,135</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (179,037)	\$ (160,007)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	13,075	19,275
Bad debt	-	6,733
(Increase) decrease in operating assets and increase (decrease) in operating liabilities		
Accounts receivable	3,213	130,313
Prepaid expenses and other current assets	43,503	(14,451)
Accounts payable and accrued expenses	93,558	34,308
Deferred revenue	(34,180)	(72,209)
Vendor ticket payable	92,561	(12,010)
Other postretirement benefits	40,015	105,738
Net cash provided by operating activities	<u>\$ 72,708</u>	<u>\$ 37,690</u>

See notes to financial statements.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012 and 2011

1. Summary of Significant Accounting Policies

Organization:

The Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation (The Egg) was created as a public benefit corporation under New York State Public Authorities Law Section 66, Chapter 688 of the Laws of 1979 by the New York State Legislature to provide upstate New York with a performing arts center in order to present the finest artistic talent in New York State during each annual season. The Egg presents world-class modern dance and family entertainment, as well as a wide variety of music and theater events. Although predominantly local, The Egg's audience comes from western Massachusetts, Syracuse, Poughkeepsie, and the Adirondack region, as well as national and international tour groups. In addition, it is The Egg's policy to provide free tickets to many public service organizations in the Capital District so that those living at or below the poverty level can have the same cultural opportunities as those who can afford full-priced tickets. In this way, The Egg attracts the most diverse audiences, bringing them together through the shared experience of artistic creation. The Egg also provides space and develops programs for civic, governmental, performing arts, and other cultural and public entities for the benefit of the citizens of New York State, as well as the departments and agencies of New York State government.

Accounting Method:

The Egg's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to The Egg is determined by its measurement focus. The transactions of The Egg are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and liabilities associated with the operations are included on the statements of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into restricted and unrestricted components.

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents includes all short-term investments with an original maturity of three months or less.

Agency Funds:

The Egg is the fiscal agent for the New York State Presenters Network.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

NOTES TO FINANCIAL STATEMENTS, continued
March 31, 2012 and 2011

1. Summary of Significant Accounting Policies, continued

Accounts Receivable, Net:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was \$0 at March 31, 2012 and 2011, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. The Egg generally does not charge interest on any past due receivables.

Equipment:

Equipment is recorded at cost, except for contributed equipment, which is recorded at fair market value. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is sold or retired, the appropriate accounts are relieved of costs and accumulated depreciation, and the resultant gain or loss is credited or charged to operations.

Depreciation is provided for in amounts to relate the cost of the assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives used in determining depreciation of equipment vary from three to twenty-five years.

Deferred Revenue:

The Egg receives ticket and rental revenues throughout the year. Revenues received for future performances or for future lease periods are deferred, and revenue is recognized in the period which the performance or event occurs.

Income Taxes:

The Egg is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law. Contributions received are tax deductible to the donor within limitations prescribed by the Internal Revenue Code. The Egg has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Advertising:

Advertising costs are expensed when incurred. Advertising costs amounted to \$38,348 and \$56,150 for the years ended March 31, 2012 and 2011, respectively.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
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NOTES TO FINANCIAL STATEMENTS, continued
March 31, 2012 and 2011

2. Cash and Cash Equivalents

The Egg's deposits are categorized to give an indication of the level of risk assumed by The Egg at fiscal year end. The categories are described as follows:

- Category 1 Insured or collateralized with securities held for The Egg by its agent in The Egg's name.
- Category 2 Collateralized with securities held for the pledging financial institution's trust department or agent in The Egg's name.
- Category 3 Uncollateralized.

	March 31, 2012				
	Bank Balance	Category			Carrying Amount
		1	2	3	
Demand deposits	\$ 536,855	(1) \$ 332,023	\$ -	\$ 204,832	\$ 510,941
Petty cash on hand	-	-	-	-	950
Undeposited funds	-	-	-	-	746
	\$ 536,855	\$ 332,023	\$ -	\$ 204,832	\$ 512,637

(1) Exclusive of agency cash

	March 31, 2011				
	Bank Balance	Category			Carrying Amount
		1	2	3	
Demand deposits	\$ 485,724	(1) \$ 385,803	\$ -	\$ 99,921	\$ 442,664
Petty cash on hand	-	-	-	-	950
Undeposited funds	-	-	-	-	1,521
	\$ 485,724	\$ 385,803	\$ -	\$ 99,921	\$ 445,135

(1) Exclusive of agency cash

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
ARTS CENTER CORPORATION**

NOTES TO FINANCIAL STATEMENTS, continued

March 31, 2012 and 2011

3. Equipment

Equipment, net, consists of the following:

	April 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	March 31, <u>2012</u>
Furniture and fixtures	\$ 4,160	\$ 7,000	\$ -	\$ 11,160
Office equipment	10,770	-	-	10,770
Computer equipment	38,476	546	-	39,022
Theater equipment	108,214	-	-	108,214
	<u>161,620</u>	<u>7,546</u>	<u>-</u>	<u>169,166</u>
Less accumulated depreciation	<u>144,814</u>	<u>13,075</u>	<u>-</u>	<u>157,889</u>
Equipment, net	<u>\$ 16,806</u>	<u>\$ (5,529)</u>	<u>\$ -</u>	<u>\$ 11,277</u>

	April 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	March 31, <u>2011</u>
Furniture and fixtures	\$ 4,160	\$ -	\$ -	\$ 4,160
Office equipment	10,770	-	-	10,770
Computer equipment	38,476	-	-	38,476
Theater equipment	98,978	9,236	-	108,214
	<u>152,384</u>	<u>9,236</u>	<u>-</u>	<u>161,620</u>
Less accumulated depreciation	<u>125,539</u>	<u>19,275</u>	<u>-</u>	<u>144,814</u>
Equipment, net	<u>\$ 26,845</u>	<u>\$ (10,039)</u>	<u>\$ -</u>	<u>\$ 16,806</u>

4. Facility Rental

The Egg rents the performing arts facility to outside parties for events, other than performances, which include award ceremonies, meetings, and luncheons. Included in rental, concession, and other operating revenue is \$162,695 and \$210,643, representing rental revenue earned during the years ended March 31, 2012 and 2011, respectively.

5. Related Party Transactions

The Egg pays the New York State Office of General Services (OGS), a related party, for its maintenance, insurance, parking, and telephones. Expenses incurred for maintenance services provided by OGS amounted to \$97,850 and \$92,000 for the years ended March 31, 2012 and 2011, respectively. The balance owed to OGS was \$189,850 and \$92,000 at March 31, 2012 and 2011, respectively.

**GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA PERFORMING
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NOTES TO FINANCIAL STATEMENTS, continued
March 31, 2012 and 2011

6. Pension Plan

The Egg participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute as well as benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions.

The required contributions to the System for the current and two preceding years were:

2012	\$	49,070
2011		48,097
2010		42,240

The Egg's contributions, made to the System, were equal to 100% of the contributions required for each year.

7. Other Postemployment Benefits

The Egg reports its Other Postemployment Benefits in compliance with GASB Statement No. 45 – "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." Statement No. 45 requires governmental entities, including the Egg, to recognize in its financial statements the financial impact of postemployment benefits, principally employer funded health care and death benefits which the Egg provides for retired employees. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Egg.

Plan Description – Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP).

Funding Policy – Health insurance premiums for retired employees are equal to the premiums charged for active employees. The Egg pays a portion of the premium for medical coverage for the employee and spouse for the lifetimes of the employee and spouse based on the plan chosen by the employee.

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NOTES TO FINANCIAL STATEMENTS, continued
March 31, 2012 and 2011

7. Other Postemployment Benefits, continued

Annual OPEB – The Egg’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components of The Egg’s annual OPEB cost for 2012 and 2011, the amount actually contributed to the plan, and changes in The Egg’s net OPEB obligation:

	2012	2011
Annual required contribution	\$ 126,929	\$ 107,167
Interest on net OPEB obligation	4,258	2,143
Adjustment to annual required contribution	(7,097)	(3,572)
Annual OPEB cost	124,090	105,738
Age Adjusted Contribution made	(84,075)	
Increase in net OPEB obligation	40,015	105,738
Net OPEB obligation - beginning of year	212,905	107,167
Net OPEB obligation - end of year	\$ 252,920	\$ 212,905

The Egg’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contribution	NET OPEB Obligation
3/31/2012	\$ 40,015	\$ -	0%	\$ 252,920
3/31/2011	\$ 105,738	\$ -	0%	\$ 212,905
3/31/2010	\$ 107,167	\$ -	0%	\$ 107,167

Funded Status and Funding Progress: As of March 31, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$890,804, all of which was unfunded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents information about the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

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NOTES TO FINANCIAL STATEMENTS, continued
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7. Other Postemployment Benefits, continued

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAL as a Percentage of Covered Payroll ((b-a)/c)</u>
3/31/2012	\$ -	\$ 890,804	\$ 890,804	0.00%	\$ 297,748	299.18%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 31, 2012 actuarial valuation, the entry age actuarial cost method and the level percentage of payroll amortization method was used. The actuarial assumptions included a 2% baseline discount rate. The 2% baseline discount rate assumes the benefits are not prefunded, so the discount rate is based on the expected earnings of The Egg's general fund. The UAL and ARC were calculated using the alternative measurement method in accordance with GASB methodology. The UAL's amortization technique produces annual payments that are designed to increase over time as payroll grows. The Company has selected a 30 year open amortization period, which is permitted by GASB Statement 45.

8. Significant Revenue Sources

Approximately 14% and 13% of The Egg's revenue was received from New York State during the years ended March 31, 2012 and 2011 respectively. No other unearned revenue source accounted for more than 12% of revenue during the years ended March 31, 2012 and 2011.

9. Subsequent Events

In accordance with FASB ASC 855, Subsequent Events, the Company has evaluated events and transactions that have occurred between March 31, 2012 and _____, 2012, which is the date the financial statements were available to be issued, for possible disclosures and recognition in the financial statements. There were no material subsequent events that required recognition or additional disclosures in these financial statements.