THE DENVER CENTER FOR THE PERFORMING ARTS

Consolidated Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

EKS&H
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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

THE DENVER CENTER FOR THE PERFORMING ARTS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Denver Center for the Performing Arts:

We have audited the accompanying consolidated statements of financial position of The Denver Center for the Performing Arts (the DCPA) and subsidiary as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the DCPA's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DCPA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Denver Center for the Performing Arts and subsidiary as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Ehrhardt Keefe Steiner & Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

Denver, Colorado
October 29, 2012

THE DENVER CENTER FOR THE PERFORMING ARTS

Consolidated Statements of Financial Position

June 30, 2012 and 2011

Assets	**2012**	**2011**
Current assets:		
Cash and cash equivalents	$ 4,261,384	$ 2,543,447
Accounts and interest receivable, net	633,647	1,417,730
Contributions receivable, net	374,888	573,541
Receivable from Helen G. Bonfils Foundation	257,613	1,500,000
Inventories and deferred production costs	2,269,326	1,222,881
Total current assets	7,796,858	7,257,599
Unrestricted investments	9,665,533	8,560,865
Restricted cash	64,662	271,977
Restricted investments	2,893,455	2,746,966
Investment in limited partnership	495,874	500,000
Contributions receivable	63,884	21,696
Furniture, equipment, leasehold improvements, and work in progress, net	7,002,750	6,018,972
Memorabilia and tapestries	331,630	331,630
Total assets	$ 28,314,646	$ 25,709,705
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,486,456	$ 2,293,241
Deferred ticket receipts	10,799,631	10,139,534
Deferred contributions	1,162,651	480,370
Other deferred revenue	995,482	890,550
Current portion of planned gift annuities	11,530	11,530
Current portion of capital lease obligations	31,503	27,022
Total current liabilities	15,487,253	13,842,247
Planned gift annuities, less current portion	237,582	242,518
Capital lease obligations, less current portion	55,581	77,923
Note payable to related party	495,874	500,000
Total liabilities	16,276,290	14,662,688
Net assets:		
Unrestricted	8,475,291	6,870,024
Temporarily restricted	2,266,410	2,894,928
Permanently restricted	1,296,655	1,282,065
Total net assets	12,038,356	11,047,017
Total liabilities and net assets	$ 28,314,646	$ 25,709,705

See accompanying notes to consolidated financial statements.

THE DENVER CENTER FOR THE PERFORMING ARTS

Consolidated Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support:				
Ticket sales:				
Denver Center Attractions	$ 34,637,712	$ -	$ -	$ 34,637,712
Denver Center Theatre Company	6,390,539	-	-	6,390,539
National Theatre Conservatory	42,255	-	-	42,255
Tuition	453,561	-	-	453,561
Investment income, net	(187,282)	(5,179)	-	(192,461)
Gain on disposal of assets	5,375	-	-	5,375
Other operating income	6,656,003	-	-	6,656,003
Contributed support:				
Helen G. Bonfils Foundation	1,000,000	-	-	1,000,000
Scientific and Cultural Facilities District	3,793,303	1,191,577	-	4,984,880
Federal grants	55,000	-	-	55,000
Individual, corporate, foundation, and other support	3,333,687	151,479	14,590	3,499,756
Special events	864,214	71,951	-	936,165
In-kind support	2,262,804	-	-	2,262,804
Net assets released from restrictions	2,038,346	(2,038,346)	-	-
Total revenues, gains, and other support	61,345,517	(628,518)	14,590	60,731,589
Expenses:				
Program expense:				
Denver Center Attractions	34,891,521	-	-	34,891,521
Denver Center Theatre Company	14,442,545	-	-	14,442,545
Education	1,864,703	-	-	1,864,703
Total program expense	51,198,769	-	-	51,198,769
Fund-raising expense:				
Development	1,048,101	-	-	1,048,101
Special events	160,421	-	-	160,421
In-kind expense	257,038	-	-	257,038
Total fund-raising expense	1,465,560	-	-	1,465,560
Supporting services:				
Administration	4,110,372	-	-	4,110,372
Venue sales and operations	1,563,121	-	-	1,563,121
Total supporting services	5,673,493	-	-	5,673,493
Costs of direct benefits to donors	462,136	-	-	462,136
Total expenses before depreciation and amortization	58,799,958	-	-	58,799,958
Depreciation and amortization	940,292	-	-	940,292
Total expenses	59,740,250	-	-	59,740,250
Change in net assets	1,605,267	(628,518)	14,590	991,339
Net assets, beginning of year	6,870,024	2,894,928	1,282,065	11,047,017
Net assets, end of year	$ 8,475,291	$ 2,266,410	$ 1,296,655	$ 12,038,356

See accompanying notes to consolidated financial statements.

THE DENVER CENTER FOR THE PERFORMING ARTS

Consolidated Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support:				
Ticket sales:				
Denver Center Attractions	$ 18,978,257	$ -	$ -	$ 18,978,257
Denver Center Theatre Company	6,467,986	-	-	6,467,986
National Theatre Conservatory	35,984	-	-	35,984
Tuition	387,179	-	-	387,179
Investment income, net	954,282	335,781	-	1,290,063
Loss on disposal of assets	(171,247)	-	-	(171,247)
Other operating income	5,700,176	-	-	5,700,176
Contributed support:				
Helen G. Bonfils Foundation	2,000,000	-	-	2,000,000
Scientific and Cultural Facilities District	3,681,626	1,148,337	-	4,829,963
Federal grants	55,000	-	-	55,000
Individual, corporate, foundation, and other support	4,122,817	554,317	114,775	4,791,909
Special events	1,182,372	-	-	1,182,372
In-kind support	2,564,813	-	-	2,564,813
Net assets released from restrictions	1,265,287	(1,265,287)	-	-
Net assets transferred from restrictions	203,846	-	(203,846)	-
Total revenues, gains, and other support	47,428,378	773,148	(89,071)	48,112,455
Expenses:				
Program expense:				
Denver Center Attractions	20,590,271	-	-	20,590,271
Denver Center Theatre Company	14,565,667	-	-	14,565,667
Education	1,866,338	-	-	1,866,338
Total program expense	37,022,276	-	-	37,022,276
Fund-raising expense:				
Development	984,595	-	-	984,595
Special events	224,119	-	-	224,119
In-kind expense	186,640	-	-	186,640
Total fund-raising expense	1,395,354	-	-	1,395,354
Supporting services:				
Administration	5,521,135	-	-	5,521,135
Venue sales and operations	1,489,135	-	-	1,489,135
Total supporting services	7,010,270	-	-	7,010,270
Costs of direct benefits to donors	402,255	-	-	402,255
Total expenses before depreciation and amortization	45,830,155	-	-	45,830,155
Depreciation and amortization	890,747	-	-	890,747
Total expenses	46,720,902	-	-	46,720,902
Change in net assets	707,476	773,148	(89,071)	1,391,553
Net assets, beginning of year	6,162,548	2,121,780	1,371,136	9,655,464
Net assets, end of year	$ 6,870,024	$ 2,894,928	$ 1,282,065	$ 11,047,017

See accompanying notes to consolidated financial statements.

THE DENVER CENTER FOR THE PERFORMING ARTS

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ 991,339	$ 1,391,553
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	940,292	890,747
Amortization of discount on contributions receivable	(453)	(1,845)
(Gain) loss on disposal of equipment	(5,375)	171,247
Change in value of gift annuity	6,594	29,628
Realized and unrealized losses (gains) on investments	410,301	(1,082,308)
Donated securities	(84,515)	(119,970)
Contributions restricted for investment in endowment	(14,590)	(114,775)
(Increase) decrease in operating assets:		
Accounts and interest receivable	784,083	(654,537)
Contributions receivable	156,918	372,662
Receivable from Helen G. Bonfils Foundation	1,242,387	(1,500,000)
Inventories and deferred production costs	(1,046,445)	55,114
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	274,543	(118,021)
Deferred ticket receipts	660,097	4,056,557
Deferred contributions	682,281	(361,168)
Other deferred revenue	104,932	189,982
Net cash provided by operating activities	5,102,389	3,204,866
Cash flows from investing activities:		
Proceeds from sale of equipment	5,375	-
Purchases of furniture, equipment, leasehold improvements, and work in progress	(1,993,843)	(1,236,215)
Purchases of investments	(24,958,952)	(10,490,141)
Proceeds from sales of investments	23,386,135	8,662,289
Use (receipt) of noncurrent restricted cash	207,315	(164,577)
Net cash used in investing activities	(3,353,970)	(3,228,644)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(29,416)	(34,219)
Contributions restricted for investment in endowment	14,590	114,775
Payments of gift annuity obligations	(11,530)	(11,530)
Payments on note payable to related party	(4,126)	-
Proceeds from note payable to related party	-	500,000
Net cash (used in) provided by financing activities	(30,482)	569,026
Net increase in cash and cash equivalents	1,717,937	545,248
Cash and cash equivalents, beginning of year	2,543,447	1,998,199
Cash and cash equivalents, end of year	$ 4,261,384	$ 2,543,447
Noncash transactions:		
Equipment acquired under capital lease	$ 11,555	$ 113,701
Furniture, equipment, leasehold improvements, and work in progress in accounts payable	$ 104,367	$ 185,695

See accompanying notes to consolidated financial statements.

(1) Organization

The Denver Center for the Performing Arts (the DCPA), a tax-exempt, public nonprofit corporation, was originally incorporated on December 15, 1953 as the Denver Civic Theatre. On October 11, 1972, its name was changed to The Denver Center for the Performing Arts for the purpose of creating and promoting an interest in, and an appreciation and knowledge of, the performing arts. The majority of the DCPA's revenue comes from public support and ticket sales to productions of the Denver Center Theatre Company and Denver Center Attractions.

As the flagship theatre of the Rocky Mountain region, the DCPA creates and presents exceptional theatre that engages, excites, provokes, and inspires both artists and audiences. The DCPA embraces the classics while striving to create new plays and musicals that advance the American theatre movement. The DCPA is committed to being a center for lifelong learning and civic engagement. The DCPA's current programs include the following:

- Denver Center Attractions presents Broadway touring shows to Denver and produces plays and musicals.
- The Denver Center Theatre Company is a professional, resident acting company, producing classics, contemporary plays, and new works. Many of its world premieres have been translated and produced in this country and abroad.
- The National Theatre Conservatory (NTC) is a three-year graduate acting school providing a Master of Fine Arts degree to its graduates. The NTC provides gifted students from across the nation the opportunity to develop their talents within the challenging environment of a performing arts center and to prepare them for active careers in the American theatre and in the film and television industries. Due to resource constraints, the Board of Trustees voted to phase out the NTC by the end of fiscal year 2012. As such, NTC operations ceased as of June 30, 2012.
- The Denver Center Theatre Academy (the Academy) offers theatre training programs for the public, which provide aspiring artists the opportunity to develop their talents under the guidance of the Academy faculty and the resident, professional staffs of the DCPA. The Academy also offers Arts in Education programs for children of all ages. Academy classes use dance, movement, music, visual arts, and creative drama to encourage students to explore, reflect, imitate, and understand the world around them.

In February 2009, the DCPA formed Girls Only LLC, a single-member limited liability company, for the purpose of producing out-of-town productions of *Girls Only: The Secret Comedy of Women*. The DCPA is the sole member of Girls Only LLC, and all Girls Only LLC activity is included in the DCPA's consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

The net assets, revenues, gains, and other support in the accompanying consolidated financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the DCPA and changes therein are classified and reported as follows:

Unrestricted – Net assets currently available at the discretion of the Board of Trustees for use in the DCPA's operations and those resources invested in property and equipment. Unrestricted net assets may be designated by the Board of Trustees for specific purposes at any time. For the years ended June 30, 2012 and 2011, unrestricted amounts include monies designated by the Board of Trustees as an endowment for education in the amount of $200,096 and $203,846, respectively.

Temporarily restricted – Net assets restricted by donors specifically for certain time periods, purposes, or programs. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted – Net assets that must be maintained in perpetuity by the DCPA as required by the donor. The DCPA is permitted to use or expend part or all of any income derived from these assets.

(b) Contributed Support

Contributed support is recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

Contributions are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated statements of activities.

Unconditional contributions are recognized in the period the support is received. Conditional contributions are recognized when the conditions on which they depend are substantially met. Deferred contributions represent contributions of cash or other assets received prior to year-end that are conditional upon a specific production, project, or event occurring in a subsequent fiscal year.

(2) Summary of Significant Accounting Policies (continued)

(b) Contributed Support (continued)

In-kind contributions consist of items and services donated for use by the DCPA including building space, advertising, software, airfare, and items donated for auction. In-kind contributions are reported at fair value at the time of donation.

(c) Functional Classification of Expenses

Costs have been allocated among the programs and supporting services benefited based on identifiable costs and relative efforts expended on each activity.

(d) Taxes

Income Taxes

The DCPA, as an organization described in Internal Revenue Code (IRC) Section 501(c)(3), is exempt from federal income tax under IRC Section 501(a) on income from activities related to its exempt purposes. Accordingly, no provision for income taxes is made for federal, state, or local taxes. The DCPA had no material unrelated business income as of June 30, 2012 and 2011. The DCPA is classified as a public charity and not a private foundation under IRC Section 509(a)(1) because it is publicly supported. Girls Only LLC is a disregarded entity for federal tax purposes and its tax status follows that of its single member, the DCPA.

The DCPA applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2012 or 2011. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of June 30, 2012 or 2011. Tax years that remain subject to examination include 2008 through the current year.

Facilities Development Admissions Tax

The DCPA is obligated to collect and remit Facilities Development Admissions (FDA) Tax in accordance with Article VII Sections 53-341 through 53-395 of the Revised Municipal Code of the City and County of Denver (the City). Tax expense for the years ended June 30, 2012 and 2011 was $3,604,680 and $2,234,014, respectively. The related revenue is included in ticket sales. Tax expense is included in program expense for Denver Center Attractions and Denver Center Theatre Company.

(2) Summary of Significant Accounting Policies (continued)

(d) Taxes (continued)

Facilities Development Admissions Tax (continued)

In fiscal years 2012 and 2011, the DCPA received $576,222 and $490,278, respectively, in contributions from the City, which is equal to the FDA Tax paid in calendar year 2010 and calendar year 2009, respectively, for admissions to the Helen Bonfils Theatre Complex. The contributions are conditional on the DCPA using the funds for capital maintenance of and capital improvements to the Helen Bonfils Theatre Complex during the calendar year in which the contribution is received. The DCPA spent $576,222 and $856,700 for the intended purpose during fiscal year 2012 and 2011, respectively; therefore, these amounts are recognized as revenue and are recorded in individual, corporate, foundation, and other support.

(e) Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of these investments. At various times throughout the year and at year-end, the DCPA's cash balances exceeded federally insured limits.

(f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position based on quoted market prices. Investments in certificates of deposit, open-ended commercial paper, and open-ended Eurodollar are recorded at cost, which approximates fair value due to the short-term nature of the investments. Investments in limited partnerships are recorded at cost and are not measured at fair value due to the nature of the investment. Dividends, interest, and realized and unrealized gains and losses on investments are included in the consolidated statements of activities as increases or decreases in unrestricted or temporarily restricted net assets as investment income.

Investments are classified on the consolidated statements of financial position based on intended use or donor restriction rather than maturity date. Restricted investments represent assets that are being held for a specific time period or purpose, as required by the donor.

Contributions received for the Women's Voices Fund (the Fund) are held in an endowment account at the Denver Foundation, a Colorado nonprofit corporation. No variance power was granted to the Denver Foundation, which will pay distribution amounts from the Fund as directed by the DCPA in writing.

(2) Summary of Significant Accounting Policies (continued)

(f) Investments (continued)

The DCPA's investments also consist of units purchased of the Denver Foundation's total investment portfolio. The market value of these investments represents the DCPA's pro rata interest in the Denver Foundation's total investment portfolio and is based on monthly statements received from the Denver Foundation.

The Denver Foundation's investment portfolio consists of mutual funds invested in bonds and bond funds, mutual funds invested in domestic and international equity securities, cash equivalents, hedged equity funds, venture capital/private equity funds, absolute return funds, and real estate.

Alternative investments in the Denver Foundation's portfolio include hedged equity funds, venture capital/private equity funds, absolute return funds, and real estate. Alternative investments not publicly traded on national security exchanges are generally illiquid, and their fair values have been estimated by investment managers in the absence of readily ascertainable market values. Because of inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Realized and unrealized gains and losses and investment income are recognized based upon the DCPA's pro rata share of the Denver Foundation's realized and unrealized gains and losses and investment income.

(g) Furniture, Equipment, Leasehold Improvements, and Work in Progress

Furniture, equipment, leasehold improvements, and work in progress are stated at cost when acquired or at estimated fair value if donated. The DCPA capitalizes all expenditures for and donations of property and equipment over $5,000 and with a useful life exceeding one year.

The provision for depreciation and amortization of furniture, equipment, and leasehold improvements is computed by the straight-line method using estimated useful lives as follows:

Furniture and equipment	3-7 years
Leasehold improvements	5-39 years

(h) Capital Lease

Assets under capital lease are recorded at the present value of the future minimum lease payments and are amortized using the straight-line method over the shorter of the estimated useful life of the asset being leased or the lease term.

(2) Summary of Significant Accounting Policies (continued)

(i) Collections

The DCPA capitalizes its collections, which primarily consist of theatre-related memorabilia and tapestries. If purchased, items added to the collection are capitalized at cost and, if donated, are capitalized at estimated fair value.

(j) Deferred Ticket Receipts and Deferred Production Costs

Deferred ticket receipts and deferred production costs represent amounts received and paid, respectively, in advance for productions for the subsequent fiscal year.

(k) Advertising

The DCPA defers direct advertising costs associated with a particular production until the year the production runs. Total advertising costs deferred at June 30, 2012 and 2011 were $414,538 and $153,086, respectively. Advertising expense for the years ended June 30, 2012 and 2011 was $4,369,499 and $4,258,478, respectively.

(l) Restricted Cash

Restricted cash consists of cash collected from contributions that are restricted for the Women's Voices Fund and the New Play Fund, but have not been transferred to the corresponding investment accounts as of year-end.

(m) Concentrations

The DCPA had 742 and 704 employees during the fiscal years ended June 30, 2012 and 2011, respectively, of which approximately 37% and 40% were covered by collective bargaining agreements. Labor agreements covering 100% of these employees are set to expire during the year ending June 30, 2013.

(n) Use of Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

(o) Subsequent Events

The DCPA has evaluated all subsequent events through October 29, 2012, which is the date the consolidated financial statements were available to be issued, and has determined that there are no events requiring disclosure.

(3) Investments

Investments held as of June 30 are as follows:

	2012	2011
Investments:		
Cash and cash equivalents	$ 1,013,431	$ 849,711
Equity funds and equity securities	2,196,507	3,494,513
Bonds and bond funds	1,273,969	1,355,282
Absolute return funds	-	1,023,598
Venture capital/private equity	981,626	-
Open-ended commercial paper	4,200,000	850,000
Open-ended Eurodollar	-	850,000
Real estate	-	137,761
Total investments	$ 9,665,533	$ 8,560,865
Restricted investments:		
Cash and cash equivalents	$ 99,409	$ 29,338
Certificates of deposit	158,701	158,701
Equity funds and equity securities	1,200,712	1,173,956
Bonds and bond funds	288,185	480,832
Absolute return funds	-	39,418
Hedged equity	-	15,080
Mutual funds-other strategies	232,602	114,457
Real estate	196,778	149,555
Total	2,176,387	2,161,337
Allocation of DCPA's investment in the Denver Foundation's portfolio:		
Investments in equity securities with readily determinable fair values, and all debt securities:		
Mutual funds invested in bonds and bond funds	60,295	43,429
Mutual funds invested in equity securities	208,343	158,326
Cash equivalents	41,059	35,570
	309,697	237,325
Alternative investments:		
Hedged equity	116,453	102,707
Venture capital/private equity	155,872	121,468
Absolute return funds	70,774	70,220
Real estate	64,272	53,909
	407,371	348,304
Total investment in Denver Foundation	717,068	585,629
Total restricted investments	$ 2,893,455	$ 2,746,966

(3) Investments (continued)

During 2011, the DCPA made an investment of $500,000 in a limited partnership for the purpose of producing a touring production. This investment is carried at cost, less any return of investment. The investment in the limited partnership was $495,874 and $500,000 as of June 30, 2012 and 2011, respectively.

Investment income from cash equivalents and investments is as follows for the years ended June 30:

	2012								
	General Operations	Hearst Endowment	Newman Endowment	National Theatre Conservatory Endowment	Women's Voices Fund	Arts in Education Endowment	New Play Fund	Board Designated	Total
Dividends and interest	$ 168,670	$ 6,670	$ 12,180	$ 7,996	$ 7,649	$ 4,532	$ 4,709	$ 5,434	$ 217,840
Unrealized gains (losses)	(409,194)	(12,369)	(22,587)	(14,829)	11,668	(8,404)	(8,733)	(10,077)	(474,525)
Realized gains	28,505	4,090	7,469	4,904	10,257	2,779	2,888	3,332	64,224
Total investment income (loss)	$ (212,019)	$ (1,609)	$ (2,938)	$ (1,929)	$ 29,574	$ (1,093)	$ (1,136)	$ (1,311)	$ (192,461)

	2011					
	General Operations	Hearst Endowment	Newman Endowment	National Theatre Conservatory Endowment	Women's Voices Fund	Total
Dividends and interest	$ 160,056	$ 7,254	$ 12,535	$ 26,959	$ 951	$ 207,755
Unrealized gains	744,572	31,548	54,519	117,254	78,998	1,026,891
Realized gains	24,499	3,422	5,913	12,718	8,865	55,417
Total investment income	$ 929,127	$ 42,224	$ 72,967	$ 156,931	$ 88,814	$ 1,290,063

(4) Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2012	2011
Unrestricted	$ 404,723	$ 430,244
Temporarily restricted:		
New Play Development	-	125,000
Women's Voices Fund	39,199	48,193
Permanently restricted:		
New Play Fund	-	1,800
Total contributions receivable	$ 443,922	$ 605,237

Unconditional contributions are due as follows at June 30:

	2012	2011
Less than one year	$ 374,888	$ 575,341
One to five years	69,520	30,835
Present value discount	(486)	(939)
Total	443,922	605,237
Allowance for uncollectible contributions	(5,150)	(10,000)
Total contributions receivable	$ 438,772	$ 595,237

The DCPA discounts material contributions expected to be collected in one to five years commensurate with the risk. The discount rate used in 2012 and 2011 was 1.6%.

(5) Furniture, Equipment, Leasehold Improvements, and Work in Progress

Furniture, equipment, leasehold improvements, and work in progress consist of the following:

	June 30, 2012	June 30, 2011
Furniture and equipment	$ 4,549,812	$ 4,195,937
Leasehold improvements	13,886,280	13,462,652
	18,436,092	17,658,589
Less accumulated depreciation and amortization	(12,713,491)	(12,015,686)
	5,722,601	5,642,903
Work in progress	1,280,149	376,069
	$ 7,002,750	$ 6,018,972

(6) Planned Gift Annuities

The DCPA has entered into several charitable gift annuity contracts. These contracts require the DCPA to make fixed payments to the beneficiaries over their lifetimes. Under a charitable gift annuity contract, the assets received by the DCPA are held in trust separately from other investments of the DCPA. On the date each charitable gift annuity was established, the DCPA recorded a contribution equal to the difference between the amount transferred from the donor and the present value of the future cash flows expected to be paid to the specified beneficiaries using a discount rate equal to the then current Applicable Federal Rate. At the end of these contracts, the assets will be transferred for use in operations.

Assets held under gift annuity contracts	$ 321,268
Less associated liabilities	(249,112)
Net present value of assets held under contracts	$ 72,156

(7) Temporarily and Permanently Restricted Net Assets

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

	June 30, 2012	June 30, 2011
Time restricted:		
Scientific and Cultural Facilities District	$ 1,191,577	$ 1,148,337
Ritchie Challenge Gift	-	500,000
Purpose restricted:		
Women’s Voices Fund	719,149	660,905
Student matinees	50,318	-
Off-Center programming	114,868	-
New Play Development	-	125,000
Other	-	8,849
Endowment earnings	190,498	451,837
	$ 2,266,410	$ 2,894,928

As of June 30, 2012, temporarily restricted net assets were restricted for the purpose of showcasing the talents of women in theatre, underwriting student matinees, and supporting Off-Center programming. Funds from the Scientific and Cultural Facilities District were restricted for use in the subsequent fiscal year.

As of June 30, 2011, temporarily restricted net assets were restricted for the purpose of showcasing the talents of women in theatre, commissioning new works, and audience development. Funds from the Scientific and Cultural Facilities District and the Ritchie Challenge Gift were restricted for use in the subsequent fiscal year.

(7) Temporarily and Permanently Restricted Net Assets (continued)

Permanently restricted net assets are restricted for the following purposes:

	June 30, 2012	June 30, 2011
Arts in Education		
Boettcher Fund	$ 120,000	$ 120,000
Frost Fund	50,000	50,000
Hearst Fund	200,000	200,000
Newman Fund	450,000	450,000
Donald R. Seawell/American National Theater and Academy Fellowship	300,000	-
National Theatre Conservatory	-	300,000
New Play Fund	176,655	162,065
	$ 1,296,655	$ 1,282,065

All contributions to the funds are permanently restricted and can be used only to generate income through interest, dividends, and appreciation. This income is temporarily restricted until the Board approves the release of the funds for the appropriate purposes, which include the American National Theater and Academy (ANTA) Fellowship, Arts in Education programs, and new play development.

The permanently restricted purpose of the NTC endowment was modified by the donor in fiscal year 2012 from support of the NTC to the creation of a fellowship that will be awarded annually to fund or partially fund the salaries of NTC graduates who are cast in Denver Center Theatre Company productions.

(8) Investment in Endowments

The DCPA's endowment consists of various individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(8) Investment in Endowments (continued)

The DCPA has interpreted UPMIFA 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 DCPA classifies permanently restricted net assets as (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 DCPA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the DCPA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the organization
7. Investment policies of the organization

The DCPA has adopted investment and spending policies for endowment assets that provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in corporate stocks, bonds, and cash and cash equivalents, with a balanced investment approach.

To satisfy its long-term rate-of-return objectives, the DCPA 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). The DCPA targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The spending policy for endowment assets is determined on a year-to-year basis by the DCPA's investment committee based on the factors included in UPMIFA. If the committee recommends spending endowment assets, the Board of Trustees must approve or reject the recommendation. For the year ended June 30, 2012, the Board of Trustees approved expenditures of endowment assets in the amount of $256,160. No expenditures of endowment assets were recommended for the year ended June 30, 2011. This is consistent with the DCPA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(8) Investment in Endowments (continued)

Invested endowment net asset composition by type of fund as of June 30, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 190,498	$ 1,296,655	$ 1,487,153
Board-designated endowment	200,096	-	-	200,096
	$ 200,096	$ 190,498	$ 1,296,655	$ 1,687,249

Changes in invested endowment net assets for the fiscal year ended June 30, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ 203,846	$ 451,837	$ 1,282,065	$ 1,937,748
Investment return	(3,750)	(5,179)	-	(8,929)
Contributions	-	-	14,590	14,590
Appropriation of endowment assets for expenditure	-	(256,160)	-	(256,160)
Endowment assets, end of year	$ 200,096	$ 190,498	$ 1,296,655	$ 1,687,249

Invested endowment net asset composition by type of fund as of June 30, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 451,837	$ 1,282,065	$ 1,733,902
Board-designated endowment	203,846	-	-	203,846
	$ 203,846	$ 451,837	$ 1,282,065	$ 1,937,748

(8) Investment in Endowments (continued)

Changes in invested endowment net assets for the fiscal year ended June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ -	$ 116,056	$ 1,371,136	$ 1,487,192
Investment return	-	335,781	-	335,781
Contributions	-	-	114,775	114,775
Appropriation of endowment assets for expenditure	-	-	-	-
Transfer to Board-designated endowment	203,846	-	(203,846)	-
Endowment assets, end of year	$ 203,846	$ 451,837	$ 1,282,065	$ 1,937,748

(9) Other Operating Income

For the years ended June 30, 2012 and 2011, other operating income consists of the following:

	June 30, 2012	June 30, 2011
Service fees	$ 4,470,152	$ 3,286,825
Rental, concessions, and production services	1,971,188	1,892,652
Other	214,663	520,699
Total other operating income	$ 6,656,003	$ 5,700,176

(10) Letters of Credit

The DCPA has two letters of credit, $17,657 and $141,044 as of June 30, 2012 and 2011, to support its commitments to the Actors' Equity Association. Funds may be drawn on the letters of credit at the bank-stated rate, which was 4.25% and 4.1875% at June 30, 2012 and 2011, respectively. As of June 30, 2012 and 2011, no funds had been drawn on the letters of credit. The DCPA is required to maintain certificates of deposit equal to the available credit as collateral as long as the letters of credit are outstanding. The certificates of deposit are included in restricted investments at June 30, 2012 and 2011.

(11) Leases

(a) Operating Leases

The DCPA signed two long-term lease agreements with the City in 1977 covering the Helen Bonfils Theatre Complex and in 1978 covering the Denver Center Office Building. The original leases were for a period of 50 years for the Helen Bonfils Theatre Complex and 25 years for the Denver Center Office Building. The leases were renegotiated with significantly similar terms in 1999 with the termination date of both leases extended until 2049. Annual rent is $1 for each lease, and rents have been prepaid for the entire lease terms.

The DCPA signed four lease agreements with the Helen G. Bonfils Foundation (the Foundation) for properties owned by the Foundation and used by the DCPA as part of its operations. All four leases were effective as of March 2011, and rents have been prepaid for the entire lease terms. The lease terms are summarized below.

- Robert and Judi Newman Center for Theatre Education – The lease termination date is December 31, 2049. Annual rent is $1.
- Brooks Tower Apartments – The lease includes use of 42 apartments and a storage unit. The lease termination date is June 30, 2021. Annual rent is $1.
- High Street and Larimer Street warehouses – The lease termination date is June 30, 2013, with an annual renewal unless notice is given by the DCPA or the Foundation. Annual rent is $1.

In-kind revenue and expense are not recorded for the leases with the City or the Foundation since the fair value of the donated rent is less than the expenses paid by the DCPA to operate the buildings.

The DCPA has a non-cancelable operating lease with GPAC, Inc. for the Galleria Theatre, which expires in fiscal year 2013.

As of June 30, 2012, the future minimum payments for the aforementioned leases were as follows:

2013	$ 64,252
	$ 64,252

Rental expense for the years ended June 30, 2012 and 2011 was $174,133 and $130,088, respectively.

(11) Leases (continued)

(b) Capital Lease

The DCPA leases office equipment under one capital lease that expires in 2015. The leased equipment is included in furniture, equipment, leasehold improvements, and work in progress at a cost of $125,255 with accumulated amortization of $44,489 as of June 30, 2012.

The future minimum lease payments required for this capital lease at June 30, 2012 are as follows:

For the Year Ending June 30,	
2013	$ 34,596
2014	34,596
2015	23,075
Total future minimum lease payments	92,267
Less amount representing interest at 4.25%	(5,183)
Present value of net minimum lease payments	87,084
Less current portion	(31,503)
Long-term portion	$ 55,581

(12) Defined Contribution Retirement Plan

The DCPA has a defined contribution retirement plan (the Plan) available to all employees who are not interns or covered by a collective bargaining agreement. An eligible employee may contribute any percentage of his or her compensation (up to the maximum amount permitted by law) to the Plan commencing with the first day of the calendar month following the employee's hire date. The DCPA is required to contribute 3% of qualifying compensation for each eligible employee who has one year of service and is age 21 or older. In addition to the required contribution, the DCPA made a 1% discretionary contribution as of June 30, 2012, for eligible employees who have one year of service, are age 21 or older, and who were employed at the DCPA as of June 30, 2012. The DCPA contributed $317,846 and $223,661 to the Plan during the years ended June 30, 2012 and 2011, respectively.

(13) Related-Party Transactions

The DCPA receives a portion of its revenues from the Foundation. The Foundation was established to support the DCPA and operates to expend substantially all of its income exclusively for the support of the DCPA in perpetuity. Any expenditure of principal funds must be for the DCPA. At June 30, 2012 and 2011, the Foundation's audited financial statements reported net assets of $30,306,605 and $32,584,308, respectively. Contributions from the Foundation were $1,530,814 in 2012, including $530,814 of in-kind support, and $2,188,703 in 2011, including $188,703 of in-kind support.

(13) Related-Party Transactions (continued)

The Board of Trustees of the DCPA is limited to 25 members, eight of which are reserved for the trustees of the Foundation. Two of the Foundation trustees, which constitute a minority of the Foundation's Board of Trustees, are appointed by the DCPA.

During the fiscal year ended June 30, 2011, the DCPA entered into a $500,000 related-party note payable with the CEO and Chairman of the Board of Trustees for the purpose of investing in a limited partnership touring production. As distribution payments are received from the limited partnership, the DCPA will make payments to the Chairman to repay the note. Once the note is repaid, the DCPA will retain any investment income in excess of $500,000. In the event the $500,000 investment is not recouped, the Chairman shall forgive the outstanding balance of the loan. As of June 30, 2012 and 2011, the outstanding balance of the note payable was $495,874 and $500,000, respectively.

(14) Fair Value

The DCPA's financial assets recorded at fair value on a recurring basis primarily relate to investments.

Generally accepted accounting principles define fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities and equity funds – Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds – Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

Bond funds – Valued at the closing price reported on the active market on which the individual securities are traded.

(14) Fair Value (continued)

Alternative investments – Valued based on quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Includes venture capital/private equity, real estate, hedged equity, and absolute return funds.

Investments at Denver Foundation – Valued based on information determined and reported by the Denver Foundation and corroborated by management with the Denver Foundation's audited financial statements.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2012 and 2011.

	June 30, 2012			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Equities and equity funds	$ 3,629,821	$ 3,629,821	$ -	$ -
Bonds and bond funds	1,562,154	1,508,497	53,657	-
Venture capital/private equity	981,626	-	981,626	-
Real estate	196,778	-	196,778	-
Investments at Denver Foundation	717,068	-	-	717,068
Total	$ 7,087,447	$ 5,138,318	$ 1,232,061	$ 717,068

Cash and cash equivalents, certificates of deposit, and open ended commercial paper assets held as investments in the amount of $1,112,840, $158,701, and $4,200,000, respectively, are not subject to fair value disclosures and are, therefore, not included in the table above.

(14) Fair Value (continued)

	June 30, 2011			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities and equity funds	$ 4,920,687	$ 4,806,230	$ 114,457	$ -
Bonds and bond funds	1,836,114	1,729,429	106,685	-
Hedged equity	15,080	-	15,080	-
Absolute return funds	1,063,016	-	1,063,016	-
Real estate	149,555	-	149,555	-
Investments at Denver Foundation	585,629	-	-	585,629
Total	$ 8,570,081	$ 6,535,659	$ 1,448,793	$ 585,629

Cash and cash equivalents, certificates of deposit, open-ended commercial paper and open-ended Eurodollar assets held as investments in the amounts of $879,049, $158,701, $850,000, and $850,000, respectively, are not subject to fair value disclosures and are, therefore, not included in the above table.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurement recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs at June 30:

	Investments at Denver Foundation	
	2012	2011
Beginning balance	$ 585,629	$ 504,851
Total realized and unrealized gains and losses	21,925	87,862
Interest income	7,649	950
Investment management fees	(9,848)	(8,034)
Purchases	111,713	-
Ending balance	$ 717,068	$ 585,629

Realized and unrealized gains and losses at June 30, 2012 and 2011 are included in investment income or loss on the consolidated statements of activities.