

**THE RICHMOND BALLET
AND SUBSIDIARY**

Richmond, Virginia

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Richmond Ballet and Subsidiary
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of The Richmond Ballet and its subsidiary (the "Ballet") which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ballet as of June 30, 2025 and 2024, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ballet and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballet's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ballet's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballet's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Gount, Hyde & Barbour, P.C.

Richmond, Virginia
October 27, 2025

THE RICHMOND BALLET AND SUBSIDIARY

Consolidated Statements of Financial Position

June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,974,396 | \$ 2,452,337 |
| Accounts receivable | 59,676 | 35,369 |
| Pledges receivable, net | 658,061 | 510,106 |
| Inventory | 40,675 | 25,214 |
| Prepaid expenses | 164,500 | 154,666 |
| Investments - operating reserve | 3,003,027 | 2,727,974 |
| Investments - endowment | 4,765,803 | 3,945,045 |
| Property and equipment, net | 6,707,187 | 6,844,282 |
| Right of use asset - operating leases | 1,773,246 | 1,932,110 |
| Right of use asset - finance leases | <u>24,016</u> | <u>32,492</u> |
| Total assets | <u>\$ 19,170,587</u> | <u>\$ 18,659,595</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 130,821 | \$ 84,094 |
| Accrued expenses | 313,751 | 121,826 |
| Deferred revenue | 571,428 | 451,856 |
| Operating lease liabilities | 1,825,489 | 1,955,187 |
| Finance lease liabilities | <u>24,947</u> | <u>33,162</u> |
| Total liabilities | <u>2,866,436</u> | <u>2,646,125</u> |
| Net Assets | | |
| Without donor restrictions | 12,334,348 | 12,342,666 |
| With donor restrictions | <u>3,969,803</u> | <u>3,670,804</u> |
| Total net assets | <u>16,304,151</u> | <u>16,013,470</u> |
| Total liabilities and net assets | <u>\$ 19,170,587</u> | <u>\$ 18,659,595</u> |

See Notes to Consolidated Financial Statements.

THE RICHMOND BALLET AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| Revenues and Support | | | |
| Production and tours | \$ 2,612,787 | \$ -- | \$ 2,612,787 |
| Tuition and registration, net of \$340,567 financial aid/scholarships | 1,199,932 | -- | 1,199,932 |
| <i>Minds In Motion</i> | 128,114 | -- | 128,114 |
| Program advertising | 38,955 | -- | 38,955 |
| Miscellaneous | 68,423 | -- | 68,423 |
| Investment income, net | 491,349 | 277,379 | 768,728 |
| Rental income | 60,503 | -- | 60,503 |
| Total revenues | <u>4,600,063</u> | <u>277,379</u> | <u>4,877,442</u> |
| Support: | | | |
| Contributions and grants - cash and other financial assets | 1,771,230 | 855,200 | 2,626,430 |
| Contributions of nonfinancial assets | 135,271 | -- | 135,271 |
| Special events, less cost of direct donor benefits of \$90,026 | 412,990 | -- | 412,990 |
| Total support | <u>2,319,491</u> | <u>855,200</u> | <u>3,174,691</u> |
| Net assets released from restrictions | <u>833,580</u> | <u>(833,580)</u> | <u>--</u> |
| Total revenues and support | <u>7,753,134</u> | <u>298,999</u> | <u>8,052,133</u> |
| Expenses | | | |
| Program | 6,425,543 | -- | 6,425,543 |
| Administration | 825,474 | -- | 825,474 |
| Fundraising | 510,435 | -- | 510,435 |
| Total expenses | <u>7,761,452</u> | <u>--</u> | <u>7,761,452</u> |
| Change in net assets | (8,318) | 298,999 | 290,681 |
| Net assets, beginning of year | <u>12,342,666</u> | <u>3,670,804</u> | <u>16,013,470</u> |
| Net assets, end of year | <u>\$ 12,334,348</u> | <u>\$ 3,969,803</u> | <u>\$ 16,304,151</u> |

See Notes to Consolidated Financial Statements.

THE RICHMOND BALLET AND SUBSIDIARY

Consolidated Statement of Activities

For the Year Ended June 30, 2024

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Revenues and Support | | | |
| Production and tours | \$ 2,737,637 | \$ -- | \$ 2,737,637 |
| Tuition and registration, net of \$274,158 financial aid/scholarships | 1,119,555 | -- | 1,119,555 |
| <i>Minds In Motion</i> | 137,530 | -- | 137,530 |
| Program advertising | 47,115 | -- | 47,115 |
| Miscellaneous | 59,462 | -- | 59,462 |
| Investment income, net | 511,566 | 278,877 | 790,443 |
| Rental income | 60,526 | -- | 60,526 |
| Loss on disposal of property and equipment | (2,133) | -- | (2,133) |
| Total revenues | <u>4,671,258</u> | <u>278,877</u> | <u>4,950,135</u> |
| Support: | | | |
| Contributions and grants - cash and other financial assets | 2,047,548 | 1,043,109 | 3,090,657 |
| Contributions of nonfinancial assets | 74,419 | -- | 74,419 |
| Special events, less cost of direct donor benefits of \$55,110 | 303,536 | -- | 303,536 |
| Total support | <u>2,425,503</u> | <u>1,043,109</u> | <u>3,468,612</u> |
| Net assets released from restrictions | <u>668,527</u> | <u>(668,527)</u> | <u>--</u> |
| Total revenues and support | <u>7,765,288</u> | <u>653,459</u> | <u>8,418,747</u> |
| Expenses | | | |
| Program | 6,033,281 | -- | 6,033,281 |
| Administration | 780,458 | -- | 780,458 |
| Fundraising | 519,040 | -- | 519,040 |
| Total expenses | <u>7,332,779</u> | <u>--</u> | <u>7,332,779</u> |
| Change in net assets | 432,509 | 653,459 | 1,085,968 |
| Net assets, beginning of year | <u>11,910,157</u> | <u>3,017,345</u> | <u>14,927,502</u> |
| Net assets, end of year | <u>\$ 12,342,666</u> | <u>\$ 3,670,804</u> | <u>\$ 16,013,470</u> |

See Notes to Consolidated Financial Statements.

THE RICHMOND BALLET AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 290,681 | \$ 1,085,968 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 420,232 | 404,988 |
| Net realized and unrealized (gains) on investments | (567,637) | (606,903) |
| Loss on disposal of property and equipment | -- | 2,133 |
| Amortization of right of use asset - operating leases | 158,864 | 57,514 |
| Bad debt expense | 5,000 | -- |
| (Increase) decrease in assets: | | |
| Pledges receivable | (152,955) | (42,792) |
| Accounts receivable | (24,307) | (15,391) |
| Inventory | (15,461) | 21,331 |
| Prepaid expenses | (9,834) | (17,805) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 46,727 | (16,273) |
| Accrued expenses | 191,925 | 31,165 |
| Deferred revenue | 119,572 | 48,487 |
| Operating leases | (129,698) | (34,910) |
| Net cash provided by operating activities | <u>333,109</u> | <u>917,512</u> |
| Cash Flows from Investing Activities | | |
| Purchase of investments | (1,450,826) | (2,109,059) |
| Proceeds on sale of investments | 922,652 | 2,963,347 |
| Purchase of property and equipment | (274,661) | (657,236) |
| Net cash (used in) provided by investing activities | <u>(802,835)</u> | <u>197,052</u> |
| Cash Flows from Financing Activities, | | |
| Principal payments on finance leases | (8,215) | (7,926) |
| Net (decrease) increase in cash and cash equivalents | (477,941) | 1,106,638 |
| Cash and Cash Equivalents | | |
| Beginning of year | <u>2,452,337</u> | <u>1,345,699</u> |
| End of year | <u>\$ 1,974,396</u> | <u>\$ 2,452,337</u> |
| Supplemental Cash Flow Information, | | |
| Cash paid for interest | <u>\$ 1,059</u> | <u>\$ 1,349</u> |
| Noncash Operating, Investing and Financing Activities, | | |
| Acquisition of right of use asset and lease liabilities - operating lease | <u>\$ --</u> | <u>\$ 1,958,084</u> |

See Notes to Consolidated Financial Statements.

**THE RICHMOND BALLET
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

Note 1. Organization

The Richmond Ballet (the "Ballet") is a not-for-profit organization engaged primarily in the promotion, presentation and continuing development of the art form of dance. The Ballet presents live performances featuring a company of professional dancers and operates a school of ballet in Richmond, Virginia, as well as *Minds In Motion*, an in-school program for fourth grade students teaching discipline through dance.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of The Richmond Ballet and its wholly-owned subsidiary, The Richmond Ballet Building Corporation, Inc. (RBBC). All material intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Ballet and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that can be filled by actions of the Ballet pursuant to those stipulations that expire by the passage of time, or are required to be maintained in perpetuity by the Ballet. For net assets that are required to be maintained in perpetuity, the donors of such assets permit the Ballet to use the income earned on those assets.

Contributions and Revenue Recognition

The Ballet and RBBC recognize revenue in accordance with ASC Topic 606 and ASU 2018-08.

Production and tours – Single ticket sales revenue and tour fees are recognized at the time of the performance. Subscription sales for the September through May season begin in the preceding spring. Payments received in the current fiscal year for the next season are recorded as deferred revenue.

Notes to Consolidated Financial Statements

Tuition and *Minds In Motion* - Tuition revenue for the school and revenue for the *Minds In Motion* program are recorded when the services are provided. Payments received in the spring for the summer programs are recorded as deferred revenue. If any of the summer school or summer camp weeks occur in June, the related tuition is recorded in earned revenue for the year just ended.

Program advertising - Advertising revenue is recognized when the ad is included in the playbill. Advertising income includes the value of services provided to the Ballet in trade.

Rental income – Revenue from a cancelable lease for the use of office space is recognized over the lease based on the lease terms. Rental income includes the value of services provided to the Ballet by the lessee in trade. Revenue from the rental of studio space, costumes and scenery is recognized at the time of rent.

Special events consist of the Ballet's annual Gala and other events in which a portion of the revenue may consist of event ticket revenue and/or contributions. Special event ticket revenue and related expenses are recognized when the event occurs. Contributions are recognized consistent with ASU 2018-08 as noted below.

Contributions and grants are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. A contribution is reported as without donor restrictions if a restriction is fulfilled in the same time period in which the contribution is received. Contributions of skilled services as well as donated materials and equipment are recognized at their estimated fair value.

Unconditional promises to give (pledges receivable) due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free rates applicable to the years in which the promises are to be received.

Contributed Nonfinancial Assets

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Ballet does not sell contributed nonfinancial assets. In addition to contributed nonfinancial assets, volunteers donated significant amounts of their time to program services; however, the financial statements do not reflect the value of these contributed services because they did not meet the criteria for recognition. Contributed goods are recorded at their estimated fair value at the date of donation.

Contract Balances

The Ballet records accounts receivable when it has the unconditional right to issue an invoice and receive payment. If consideration is received and revenue has not been recognized, a contract liability (deferred revenue) is recorded.

Notes to Consolidated Financial Statements

The balance in deferred revenue at year-end represents the Ballet's commitment of funds to provide certain services in the future. The Ballet recognized a contract liability related to subscription and single ticket revenue of \$177,837 and \$178,420 as of June 30, 2025 and 2024, respectively. The Ballet recognized a contract liability related to tuition and other revenue of \$393,591 and \$273,436 as of June 30, 2025 and 2024, respectively. The opening balance in deferred revenue at July 1, 2023 was \$403,369.

The Ballet does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset as of June 30, 2025 and 2024.

The opening balance in accounts receivable at July 1, 2023 was \$19,978.

Cash and Cash Equivalents

For cash flow reporting purposes, the Ballet's definition of cash and cash equivalents includes temporary investments of short-term, highly-liquid investments with maturities of three months or less at the date of purchase. Cash held in investment accounts with brokers related to the operating reserve and endowment is recorded in investments.

Fair Value Measurement

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

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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

Notes to Consolidated Financial Statements

For the fiscal years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of the Ballet's financial instruments not described above arise in the ordinary course of business and approximate fair value.

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

Investments

The Ballet records investments at fair market value in the consolidated statements of financial position. Donated investments are sold immediately and the proceeds are deposited. Donated investments are recorded at fair value as of the date received. Realized and unrealized gains and losses are reflected in the consolidated statements of activities.

Accounts Receivable / Pledges Receivable

Accounts receivable are carried at original invoice amount and unconditional pledges are recorded when made. The Ballet records bad debts using the direct write-off method. Receivables are evaluated for collectability and written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Accounting principles generally accepted in the United States of America requires an allowance for expected credit losses. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had an allowance for expected credit losses been established under ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). There Ballet had no bad expense on accounts receivable for the years ended June 30, 2025 and 2024.

Bad debt expense on pledges receivable for the year ended June 30, 2025 was \$5,000. There was no bad debt expense for the year ended June 30, 2024.

Inventory

Inventory primarily consists of shoes to be used by returning dancers, and is valued at the lower of cost or net realizable value.

The Ballet also has an inventory of merchandise sold at performances of *The Nutcracker* as well as wine and beer sold at the Ballet Barre during Studio Theater performances.

Notes to Consolidated Financial Statements

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair value at the date of receipt. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterments over \$2,000 are capitalized. Depreciation is calculated on the straight-line basis using the following estimated lives:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings and improvements | 10-45 |
| Equipment, furniture and fixtures | 3-10 |

Deferred Revenue

Deferred revenue represents amounts billed in advance for tuition as well as ticket purchases for performances held after year end.

Income Taxes

The Internal Revenue Service has determined that the Ballet and RBBC are exempt from Federal income tax under Section 501(c)(3) and 501(c)(2) of the Internal Revenue code, respectively. Income from certain activities not directly related to the Ballet's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Internal Revenue Service has determined that the Ballet is not a "private foundation" within the meaning of Section 509(a) of the Code. The Ballet and RBBC did not incur income tax expense for the years ended June 30, 2025 and 2024.

Management evaluated the Ballet's tax positions and concluded that the Ballet had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Ballet is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ending before 2022.

Advertising

The Ballet uses advertising throughout the year to promote its various productions, classes, and fundraisers. The costs of advertising are expensed as incurred. For the years ended June 30, 2025 and 2024, advertising costs totaled \$157,763 and \$169,627, respectively.

The cost of producing season campaign material is expensed in the period in which the advertising is first used. As of June 30, 2025 and 2024, \$26,000 and \$17,700, respectively, of season campaign material costs was recorded as prepaid expenses.

Notes to Consolidated Financial Statements

Allocation Methodology for the Schedule of Functional Expenses

The costs of providing program and other activities are summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among program, administration, and fundraising. Such allocations have been made by management on an equitable basis. The expenses that are allocated include the following:

| Expense | Method of Allocation |
|---|------------------------------------|
| Artistic fees | Direct allocation |
| Bad debt expense | Direct allocation |
| Costumes | Direct allocation |
| Dancers, artistic, production staff | Time and effort |
| Depreciation and amortization | Square footage |
| Education expenses | Direct allocation |
| Facilities and rent | Direct allocation / Square footage |
| Fundraising expenses | Direct allocation |
| Institutional development | Direct allocation |
| Marketing and communications | Direct allocation |
| Marketing personnel | Time and effort |
| <i>Minds In Motion</i> personnel | Time and effort |
| Miscellaneous | Direct allocation |
| Music | Direct allocation |
| Office expense | Direct allocation / Square footage |
| Other personnel | Time and effort |
| Production overhire, security and theater personnel | Direct allocation |
| Professional fees | Direct allocation |
| Royalties | Direct allocation |
| Scenery, electrics and A/V | Direct allocation |
| School personnel | Time and effort |
| Taxes and licenses | Direct allocation |
| Travel and lodging | Direct allocation |

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Upon settlement, actual results may differ from estimated amounts. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

Notes to Consolidated Financial Statements

Leases

The Ballet determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Ballet also considers whether its service arrangements include the right to control the use of an asset.

The Ballet recognizes most leases on its consolidated statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statements of operations.

The Ballet made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Ballet made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Ballet has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Ballet, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Notes to Consolidated Financial Statements

Note 3. Liquidity and Availability

The Ballet receives contributions and grants, tuition and registration, and production and touring revenue. General expenditures consist of costs associated with operation of the various programs. The Ballet's cash flows have seasonal variations during the year. To manage liquidity, the Ballet maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

| Financial assets, at year-end: | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,974,396 | \$ 2,452,337 |
| Accounts receivable | 59,676 | 35,369 |
| Pledges receivable, current portion | 551,927 | 436,469 |
| Investments | <u>7,768,830</u> | <u>6,673,019</u> |
| Total financial assets | <u>10,354,829</u> | <u>9,597,194</u> |
| Less those unavailable for general expenditure within one year: | | |
| Due to donor-imposed restrictions | 3,597,303 | 3,265,515 |
| Board designated endowment funds | <u>1,891,027</u> | <u>1,737,649</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 4,866,499</u> | <u>\$ 4,594,030</u> |

Note 4. Investments and Fair Value Measurement

Investments were composed of the following at June 30, 2025 and 2024:

| | <u>2025</u> | | |
|---------------------------|---------------------|---------------------|------------------------|
| | <u>Cost</u> | <u>Market Value</u> | <u>Unrealized Gain</u> |
| Cash | \$ 355,219 | \$ 355,219 | \$ -- |
| Equities and fixed income | <u>6,267,658</u> | <u>7,413,611</u> | <u>1,145,953</u> |
| | <u>\$ 6,622,877</u> | <u>\$ 7,768,830</u> | <u>\$ 1,145,953</u> |
| | <u>2024</u> | | |
| | <u>Cost</u> | <u>Market Value</u> | <u>Unrealized Gain</u> |
| Cash | \$ 268,516 | \$ 268,516 | \$ -- |
| Equities and fixed income | <u>5,819,988</u> | <u>6,404,503</u> | <u>584,515</u> |
| | <u>\$ 6,088,504</u> | <u>\$ 6,673,019</u> | <u>\$ 584,515</u> |

Notes to Consolidated Financial Statements

Reconcilement to consolidated statements of financial position:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|---------------------|---------------------|
| Investments - operating reserve | 3,003,027 | 2,727,974 |
| Investments - endowment | <u>4,765,803</u> | <u>3,945,045</u> |
| | <u>\$ 7,768,830</u> | <u>\$ 6,673,019</u> |

Investment income, net for the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------|-------------------|-------------------|
| Interest and dividends | 241,630 | \$ 218,901 |
| Unrealized gain on investments | 559,180 | 548,051 |
| Realized gain on sale of investments | 8,457 | 58,852 |
| Investment advisory fees | <u>(40,539)</u> | <u>(35,361)</u> |
| | <u>\$ 768,728</u> | <u>\$ 790,443</u> |

The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2025 and 2024:

| | <u>2025</u> | | |
|-------------|---------------------|----------------|----------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments | <u>\$ 7,768,830</u> | <u>\$ --</u> | <u>\$ --</u> |

| | <u>2024</u> | | |
|-------------|---------------------|----------------|----------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments | <u>\$ 6,673,019</u> | <u>\$ --</u> | <u>\$ --</u> |

Note 5. Pledges Receivable

The Ballet records any unconditional promises to give as pledges receivable and income in the year the pledge is made. The Ballet had pledges receivable as follows at June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|----------------------------------|-------------------|-------------------|
| Receivable in less than one year | \$ 551,927 | \$ 436,469 |
| Receivable in one to five years | 129,000 | 95,000 |
| Discount to present value | <u>(22,866)</u> | <u>(21,363)</u> |
| | <u>\$ 658,061</u> | <u>\$ 510,106</u> |

Notes to Consolidated Financial Statements

The Ballet records a discount to present value for all pledges receivable that are due in greater than one year from June 30, 2025. The discount rates used in 2025 and 2024 were 6.9% and 7.9%, respectively.

Note 6. Property and Equipment

Property and equipment consisted of the following at June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 850,000 | \$ 850,000 |
| Construction in progress | 145,409 | -- |
| Leasehold improvements | 146,670 | 132,308 |
| Building | 6,578,709 | 6,560,379 |
| Furniture, fixtures and equipment | <u>4,385,525</u> | <u>4,293,742</u> |
| | 12,106,313 | 11,836,429 |
| Less accumulated depreciation | <u>(5,399,126)</u> | <u>(4,992,147)</u> |
| | <u>\$ 6,707,187</u> | <u>\$ 6,844,282</u> |

The noncancelable agreement to lease warehouse space entered into in July 2014 expired effective June 30, 2024. Leasehold improvements associated with the lease in the amount of \$75,776, which were fully depreciated, were written off during the year ended June 30, 2024. In January 2024, the Ballet signed a noncancelable agreement to lease new warehouse space. Leasehold improvements were incurred and are being depreciated over the term of the lease, or ten years.

Depreciation expense for the years ended June 30, 2025 and 2024 was \$411,756 and \$396,108, respectively.

Note 7. Line of Credit and Refundable Advance

In March 2021, the Ballet signed a \$1,500,000 line of credit with a commercial bank. In August 2024, the amount of the line was reduced to \$750,000 maturing in September 2026. The interest rate is based on the Wall Street Journal prime rate less 0.6% (6.9% at June 30, 2025), with a floor of 3.00%. There was no outstanding balance at June 30, 2025 and 2024. Under the terms of the line of credit, the Ballet is required to maintain a specified debt service coverage ratio and minimum liquidity, as those terms are defined. In conjunction with entering into this line of credit, the Ballet signed a negative pledge agreement covering the real and personal property of the Ballet.

There was no interest expense for the years ended June 30, 2025 and 2024.

Notes to Consolidated Financial Statements

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------------|-------------------------|
| Subject to expenditure for specific purpose: | | |
| Production and tours | \$ 398,373 | \$ 260,873 |
| Scholarships/education | 182,880 | 174,632 |
| <i>Minds In Motion</i> | 27,000 | 81,500 |
| Building improvements | 149,937 | 304,320 |
| General operating | 372,500 | 405,289 |
| Other | <u>28,684</u> | <u>26,140</u> |
| | <u>1,159,374</u> | <u>1,252,754</u> |
| Accumulated endowment | 846,290 | 568,911 |
| Endowment | <u>1,964,139</u> | <u>1,849,139</u> |
| Total endowment | <u>2,810,429</u> | <u>2,418,050</u> |
| Total net assets with donor restrictions | <u>\$ 3,969,803</u> | <u>\$ 3,670,804</u> |

Net assets with donor restrictions released to expenses after satisfying restricted purposes during the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|------------------------|-------------------|-------------------|
| Production and tours | \$ 112,500 | \$ 127,000 |
| Scholarships/education | 148,952 | 142,457 |
| <i>Minds In Motion</i> | 56,500 | 67,000 |
| Building improvements | 154,383 | 165,000 |
| General operating | 315,290 | 162,114 |
| Other | <u>45,955</u> | <u>4,956</u> |
| | <u>\$ 833,580</u> | <u>\$ 668,527</u> |

Notes to Consolidated Financial Statements

Note 9. Endowment Fund

The Endowment Fund was established in 2007 to facilitate the artistic growth and long-term fiscal well-being of the Ballet. Contributions to the endowment funds have been set up in three funds: the General Endowment Fund, the Stoner Winslett Scholarship Fund, and the Board Designated Endowment Fund.

In 2015, the Ballet launched a \$10 million dollar Road to the Future Campaign. The money raised was for five significant aspects of the Ballet, including endowment, touring, education, building and creative capital. One of the components of the Campaign was “The Ruby Slipper Project,” an effort led by female community leaders to grow the endowment by raising funds in honor of the then Artistic Director’s 40th season with the Ballet.

Donor-restricted contributions to the General Endowment Fund total \$1,744,168 and \$1,629,168 and as of June 30, 2025 and 2024 and are reflected in the financial statements as net assets with donor restrictions, respectively.

The Stoner Winslett Scholarship Fund consists of donor-restricted contributions totaling \$219,971 as of June 30, 2025 and 2024, respectively. These donor-restricted funds are also reflected as net assets with donor restrictions.

The Board Designated Endowment Fund totals \$1,891,027 and \$1,737,649 as of June 30, 2025 and 2024, respectively.

Interpretation of Relevant Law

The Board of Trustees of the Ballet has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Ballet classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Any remaining portion of the donor-restricted endowment fund not classified as net assets without donor restrictions would be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Ballet in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Ballet considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Ballet and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Ballet
7. The investment policies of the Ballet

Notes to Consolidated Financial Statements

Endowment net assets consisted of the following at June 30, 2025 and 2024:

| | 2025 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - - | \$ 2,810,429 | \$ 2,810,429 |
| Board designated endowment funds | <u>1,891,027</u> | <u>- -</u> | <u>1,891,027</u> |
| | <u><u>\$ 1,891,027</u></u> | <u><u>\$ 2,810,429</u></u> | <u><u>\$ 4,701,456</u></u> |

| | 2024 | | |
|----------------------------------|---------------------------------------|------------------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - - | \$ 2,418,050 | \$ 2,418,050 |
| Board designated endowment funds | <u>1,737,649</u> | <u>- -</u> | <u>1,737,649</u> |
| | <u><u>\$ 1,737,649</u></u> | <u><u>\$ 2,418,050</u></u> | <u><u>\$ 4,155,699</u></u> |

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------|---------------------------------------|------------------------------------|----------------------------|
| Endowment net assets June 30, 2024 | \$ 1,737,649 | \$ 2,418,050 | \$ 4,155,699 |
| Investment gain | 153,378 | 277,379 | 430,757 |
| Contributions | <u>- -</u> | <u>115,000</u> | <u>115,000</u> |
| Endowment net assets June 30, 2025 | <u><u>\$ 1,891,027</u></u> | <u><u>\$ 2,810,429</u></u> | <u><u>\$ 4,701,456</u></u> |

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------|---------------------------------------|------------------------------------|----------------------------|
| Endowment net assets June 30, 2023 | \$ 1,580,506 | \$ 2,089,173 | \$ 3,669,679 |
| Investment gain | 157,143 | 278,877 | 436,020 |
| Contributions | <u>- -</u> | <u>50,000</u> | <u>50,000</u> |
| Endowment net assets June 30, 2024 | <u><u>\$ 1,737,649</u></u> | <u><u>\$ 2,418,050</u></u> | <u><u>\$ 4,155,699</u></u> |

Notes to Consolidated Financial Statements

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Ballet to retain as a fund of perpetual duration. As of June 30, 2025 and 2024, there were no such deficiencies.

Return Objectives and Risk Parameters

The Ballet has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Ballet must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a total investment return, net of fees and expenses, of at least 5% in excess of inflation (as measured by the U.S. Consumer Price Index) over five-year periods. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Ballet relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The endowment is invested in a portfolio consisting of diversified equity securities, diversified fixed income securities, cash and cash equivalents. The asset allocation guidelines are designed to achieve the endowment's long-term objectives, and are reviewed periodically in light of market changes and opportunities identified by the Board of Trustees' Investment Committee. The asset allocation guidelines specify a long-term strategy that will be approximately 83% equities and alternative investments and 17% fixed income and cash investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Ballet has a policy of appropriating for distribution each year 4% of the market value of the endowment. The 4% disbursement amount is based on the average market value of the endowment on June 30 for the three years preceding the disbursement. In establishing these policies, the Ballet considered the expected return on its endowment. Accordingly, the Ballet expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. There was no appropriation of endowment assets for expenditure for the years ended June 30, 2025 and 2024.

Note 10. Lease Commitments - Lessee

The Ballet had a cancelable lease for storage space through June 2024. Rent expense under the lease was \$132,559 for the year ended June 30, 2024.

In July 2014, the Ballet entered into a noncancelable agreement to lease warehouse space. The operating lease term was for ten years and provided for annual rent inclusive of a three percent escalation. This lease expired as of June 30, 2024. In January 2024, the Ballet signed another noncancelable agreement to lease new warehouse space. The operating lease expires on May 31, 2034 and provides for annual rent inclusive of a three percent escalation. Additionally, the Ballet leases office equipment under a finance lease expiring in 2028.

Notes to Consolidated Financial Statements

Total rent expense recognized for the Ballet's operating leases, for the years ended June 30, 2025 and 2024 was \$246,680 and \$73,148, respectively. As of June 30, 2025 and 2024, the Ballet's weighted average discount rate for its operating leases was 4.63%, and the weighted average remaining lease term was 8.9 years and 9.9 years, respectively.

The following table summarizes the future minimum lease payments for the Ballet's operating leases on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in the Ballet's statement of financial position:

| | |
|---|---------------------|
| 2026 | \$ 224,040 |
| 2027 | 230,761 |
| 2028 | 237,684 |
| 2029 | 244,814 |
| 2030 | 252,159 |
| Thereafter | <u>1,062,347</u> |
| | 2,251,805 |
| Less imputed interest | <u>(426,316)</u> |
| Future minimum operating lease payments | <u>\$ 1,825,489</u> |

Amortization expense of right of use assets and interest expense for the Ballet's finance lease totaled \$8,476 and \$1,059, respectively, for the year ended June 30, 2025. Amortization expense of right of use assets and interest expense for the Ballet's finance lease totaled \$8,476 and \$1,349, respectively, for the year ended June 30, 2024. The amortized cost of the ROU asset for the Ballet's finance leases was \$24,016 and \$32,492 as of June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, the Ballet's weighted average discount rate for its finance lease was 3.6%, and the weighted average remaining lease term was 2.8 years and 3.8 years, respectively.

The following table summarizes the maturity of the Ballet's finance lease liabilities on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in the Ballet's statement of financial position:

| | |
|---|------------------|
| 2026 | \$ 9,275 |
| 2027 | 9,275 |
| 2028 | <u>7,729</u> |
| | 26,279 |
| Less imputed interest | <u>(1,332)</u> |
| Present value of financing lease payments | <u>\$ 24,947</u> |

Notes to Consolidated Financial Statements

Note 11. Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized in the consolidated statements of activities include the following:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Legal services | \$ 28,746 | \$ 53,327 |
| Consulting services | 1,150 | 14,648 |
| Facility rentals | 96,050 | - - |
| Other | <u>9,325</u> | <u>6,444</u> |
| | 135,271 | 74,419 |
| Gala raffle/auction items included in support from special events | <u>94,950</u> | <u>32,864</u> |
| Total contributed non-financial assets | <u>\$ 230,221</u> | <u>\$ 107,283</u> |

Contributed Gala donations are items donated for use at the Ballet's annual Gala fundraising event, including a live auction and raffle. The Gala donations are used for fundraising activities and are recognized at fair value based on sales of the same or similar products.

Contributed legal services are provided by attorneys who advise the Ballet on legal matters for labor and equal employment, trademarks and intellectual property, immigration and other general legal matters. Contributed legal services are used for program and administration activities and are recognized at fair value based on rates for similar services.

Contributed consulting services are provided by individuals with expertise in the services provided. Contributed consulting services are used for program and administration activities and are recognized at fair value based on rates for similar services.

During the year ended June 30, 2025, the Ballet received contributed facility rentals consisting of use of a theater for productions. The donated facilities are used for program services and are recognized at fair value based on rates for similar use.

Other contributed nonfinancial assets consist of services or goods used in program, administration or fundraising activities and are valued based on current rates for similar services or using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of contribution.

Contributed nonfinancial assets were received without donor restrictions for the years ended June 30, 2025 and 2024.

The Ballet does not have a policy to monetize contributed nonfinancial assets.

Notes to Consolidated Financial Statements

Note 12. Related Parties

The Ballet received contributions from Board and Advisory Council members in the amount of \$581,248 and \$679,880 for the years ended June 30, 2025 and 2024, respectively. Promises to give from Board and Advisory Council members totaled \$57,000 and \$93,269 as of June 30, 2025 and 2024, respectively.

Note 13. Employee Benefit Plan

Effective January 1, 2006, the Ballet established a 403(b) (formerly 401k) retirement plan for employees. Employees can elect to defer a portion of their salary, up to the maximum amount allowed by law, and the employee must be 18 years of age. The Ballet does not currently match any contributions made by employees.

Note 14. Litigation

In June 2022, a civil lawsuit was filed by two individuals against the Ballet and six other named individual defendants, who are current or previous staff members of the Ballet, in City of Richmond Circuit Court. Each of the plaintiffs seeks compensatory damages of \$10 million and \$500,000 in punitive damages. The plaintiffs also seek pre-judgment interest, costs and attorneys' fees. The Ballet's insurance carriers are providing competent legal counsel to defend the Ballet and the individual defendants. It is the opinion of management and the Ballet's legal counsel that the lawsuits are without factual and legal merit and they do not believe the plaintiffs can prove any economic loss or monetary damages. Management refutes each claim made by the plaintiffs and has filed responsive pleadings in a timely manner.

The defendants filed a Motion to Dismiss Improperly Joined Plaintiff, which was granted by the Court in early 2023. The plaintiffs then filed separate lawsuits in March 2023, making largely the same claims as in the jointly filed lawsuit. The defendants filed demurrers in both of the two lawsuits along with other responsive pleadings. The Court ruled in favor of the Richmond Ballet and the six individual defendants on most of the issues raised in the demurrers and granted the plaintiffs leave to refile their cases to correct the deficiencies. The plaintiffs refiled their complaints in December 2023, and the defendants subsequently filed demurrers to those refiled complaints as well as motions to strike both cases. The court overruled these second demurrers in July 2024 and is allowing the cases to proceed, however, the Court retained the motions to strike under advisement and could rule on those motions in the future. The cases are currently in the discovery process and have been consolidated by the Court for purposes of discovery and motions only. The trial is set to being October 19, 2026.

Management is not able at this time to predict the ultimate outcome of this litigation or accurately estimate the amount of an adverse judgment, if any, or the extent to which any such adverse judgment would be covered by insurance. Therefore, no amount attributable to this litigation has been accrued in the financial statements.

Notes to Consolidated Financial Statements

Note 15. Schedules of Functional Expenses

Functional expenses for the years June 30, 2025 and 2024 are as follows:

| | 2025 | | | |
|--|---------------------|-------------------|-------------------|---------------------|
| | Program | Administration | Fundraising | Total |
| Artistic fees | \$ 121,510 | \$ -- | \$ -- | \$ 121,510 |
| Bad debt expense | 5,000 | -- | -- | 5,000 |
| Costumes | 135,206 | -- | 1,975 | 137,181 |
| Dancers, artistic, production staff | 1,954,388 | -- | -- | 1,954,388 |
| Depreciation and amortization | 399,220 | 8,405 | 12,607 | 420,232 |
| Education expenses | 121,524 | -- | -- | 121,524 |
| Facilities and rent | 763,332 | 22,805 | 7,149 | 793,286 |
| Fundraising expenses | -- | -- | 236,599 | 236,599 |
| Institutional development | 7,374 | 3,326 | 4,825 | 15,525 |
| Marketing and communications | 198,134 | -- | -- | 198,134 |
| Marketing personnel | 297,290 | -- | -- | 297,290 |
| <i>Minds In Motion</i> personnel | 330,993 | -- | -- | 330,993 |
| Miscellaneous | 2,640 | 29,371 | 472 | 32,483 |
| Music | 288,876 | -- | -- | 288,876 |
| Office expense | 66,415 | 99,810 | 17,843 | 184,068 |
| Other personnel | -- | 474,091 | 265,520 | 739,611 |
| Production overhire, security and theater personnel | 336,819 | -- | -- | 336,819 |
| Professional fees | 15,472 | 181,431 | 51,937 | 248,840 |
| Royalties | 75,569 | -- | -- | 75,569 |
| Scenery, electrics and A/V | 167,975 | -- | 96 | 168,071 |
| School personnel | 871,991 | -- | -- | 871,991 |
| Taxes and licenses | 159,685 | 902 | -- | 160,587 |
| Travel and lodging | 106,130 | 5,333 | 1,438 | 112,901 |
| | <u>6,425,543</u> | <u>825,474</u> | <u>600,461</u> | <u>7,851,478</u> |
| Less: Cost of direct donor benefits shown net in support from special events | <u>--</u> | <u>--</u> | <u>(90,026)</u> | <u>(90,026)</u> |
| Total expenses per Consolidated Statement of Activities | <u>\$ 6,425,543</u> | <u>\$ 825,474</u> | <u>\$ 510,435</u> | <u>\$ 7,761,452</u> |

Notes to Consolidated Financial Statements

| | 2024 | | | |
|--|---------------------|-------------------|-------------------|---------------------|
| | Program | Administration | Fundraising | Total |
| Artistic fees | \$ 106,618 | \$ -- | \$ -- | \$ 106,618 |
| Costumes | 158,044 | -- | -- | 158,044 |
| Dancers, artistic, production staff | 1,855,204 | -- | -- | 1,855,204 |
| Depreciation and amortization | 384,738 | 8,100 | 12,150 | 404,988 |
| Education expenses | 122,340 | -- | -- | 122,340 |
| Facilities and rent | 488,990 | 25,963 | 6,968 | 521,921 |
| Fundraising expenses | -- | -- | 197,342 | 197,342 |
| Institutional development | 3,022 | 5,609 | 2,948 | 11,579 |
| Marketing and communications | 206,808 | -- | -- | 206,808 |
| Marketing personnel | 280,858 | -- | -- | 280,858 |
| <i>Minds In Motion</i> personnel | 365,358 | -- | -- | 365,358 |
| Miscellaneous | 2,887 | 14,670 | 289 | 17,846 |
| Music | 322,723 | -- | -- | 322,723 |
| Office expense | 62,559 | 95,676 | 11,037 | 169,272 |
| Other personnel | -- | 532,301 | 342,416 | 874,717 |
| Production overhire, security and theater personnel | 347,919 | -- | -- | 347,919 |
| Professional fees | 1,310 | 93,640 | -- | 94,950 |
| Royalties | 45,957 | -- | -- | 45,957 |
| Scenery, electrics and A/V | 178,553 | -- | -- | 178,553 |
| School personnel | 805,274 | -- | -- | 805,274 |
| Taxes and licenses | 165,702 | 1,713 | -- | 167,415 |
| Travel and lodging | 128,417 | 2,786 | 1,000 | 132,203 |
| | <u>6,033,281</u> | <u>780,458</u> | <u>574,150</u> | <u>7,387,889</u> |
| Less: Cost of direct donor benefits shown net in support from special events | <u>--</u> | <u>--</u> | <u>(55,110)</u> | <u>(55,110)</u> |
| Total expenses per Consolidated Statement of Activities | <u>\$ 6,033,281</u> | <u>\$ 780,458</u> | <u>\$ 519,040</u> | <u>\$ 7,332,779</u> |

Included in Facilities and rent for the year ended June 30, 2024 is \$45,540 of moving costs associated with the move of scenery, costumes, props, and other items to the new warehouse.

Note 16. Subsequent Events

In preparing these financial statements, the Ballet has evaluated events and transactions for potential recognition or disclosure through October 27, 2025, the date the financial statements were available to be issued. The Ballet has determined there are no subsequent events that require recognition or disclosure.