

Financial Statements

ORLANDO BALLET, INC.

June 30, 2025 and 2024

ORLANDO BALLET, INC.

Financial Statements

June 30, 2025 and 2024

(With Independent Auditor's Report Thereon)

ORLANDO BALLET, INC.

Financial Statements

Table of Contents

Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements.....	8

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

Board of Directors
Orlando Ballet, Inc.

Opinion

We have audited the accompanying financial statements of Orlando Ballet, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Orlando Ballet, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Orlando Ballet, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards and Government Auditing Standards 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 generally accepted auditing standards and Government Auditing Standards, 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 Orlando Ballet, Inc.'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 Orlando Ballet, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Orlando Ballet, Inc.'s 2024 financial statements, and expressed an unmodified audited opinion on those audited financial statements in our report dated October 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schatz, Tschoy, Whitcomb, Mitchell & Shulen, LLP

October 13, 2025
Maitland, Florida

ORLANDO BALLET, INC.

Statements of Financial Position

June 30, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 476,860	419,021
Restricted cash	704,624	568,754
Accounts and grants receivable	2,027,202	2,409,433
Inventory	166,092	154,988
Prepaid expenses	428,251	250,082
Total current assets	3,803,029	3,802,278
Property and equipment, net (note 2)	14,092,859	14,351,010
Endowment fund	289,403	282,106
Right of use asset (note 10)	2,029,659	2,021,514
Other assets	54,014	57,664
Total assets	<u>\$ 20,268,964</u>	<u>20,514,572</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued expenses	\$ 251,403	269,826
Deferred revenue	1,972,335	1,820,195
Lease liabilities - operating leases (note 10)	19,775	10,730
Total current liabilities	2,243,513	2,100,751
Security deposits	2,847	3,350
Lease liability, less current portion (note 10)	2,009,884	2,010,784
Total liabilities	4,256,244	4,114,885
Net assets:		
Without donor restrictions	14,965,742	15,085,320
Board designated (note 6)	704,624	568,754
Total net assets without donor restrictions	15,670,366	15,654,074
With donor restrictions (note 7)	342,354	745,613
Total net assets	16,012,720	16,399,687
Total liabilities and net assets	<u>\$ 20,268,964</u>	<u>20,514,572</u>

See accompanying notes to financial statements

ORLANDO BALLET, INC.

Statement of Activities

Year ended June 30, 2025

(with summarized financial information for the year ended June 30, 2024)

	Net Assets Without Donor Restrictions			With Donor	2025	2024
	Operating	Board Designated	Total	Restrictions	Total	Total
Support and revenue:						
Series ticket sales	\$ 291,284	-	291,284	-	291,284	261,622
Single ticket sales	3,012,257	-	3,012,257	-	3,012,257	2,552,182
Ballet school earned income	3,042,179	-	3,042,179	-	3,042,179	2,759,163
General revenue	84,808	-	84,808	-	84,808	69,680
Special fundraising events	612,050	-	612,050	-	612,050	450,215
Grants, Sponsorships and Contributed Income	2,476,963	-	2,476,963	431,330	2,908,293	3,887,711
Contributions of non-financial assets:						
Medical	234,318	-	234,318	-	234,318	146,150
Other	163,154	-	163,154	-	163,154	76,440
Gain on endowment	22,933	-	22,933	-	22,933	19,508
Other income	239,687	-	239,687	-	239,687	240,905
(Loss) gain on disposal of asset	(5,954)	-	(5,954)	-	(5,954)	15,000
Net assets released from restrictions	698,719	135,870	834,589	(834,589)	-	-
Total support and revenue	10,872,398	135,870	11,008,268	(403,259)	10,605,009	10,478,576
Expenses:						
Program services:						
Season	4,020,043	-	4,020,043	-	4,020,043	3,708,875
Nutcracker	1,883,236	-	1,883,236	-	1,883,236	1,690,130
Nutcracker mounting	-	-	-	-	-	620,029
Community enrichment	524,459	-	524,459	-	524,459	511,762
Ballet school	2,674,971	-	2,674,971	-	2,674,971	2,420,542
Total program services	9,102,709	-	9,102,709	-	9,102,709	8,951,338
Supporting services:						
Development	504,602	-	504,602	-	504,602	423,172
Non-financial assets						
Medical	234,318	-	234,318	-	234,318	146,150
Other	163,154	-	163,154	-	163,154	76,440
General and administrative	987,193	-	987,193	-	987,193	966,926
Total supporting services	1,889,267	-	1,889,267	-	1,889,267	1,612,688
Total expenses	10,991,976	-	10,991,976	-	10,991,976	10,564,026
Change in net assets	(119,578)	135,870	16,292	(403,259)	(386,967)	(85,450)
Net assets, beginning of year	15,085,320	568,754	15,654,074	745,613	16,399,687	16,485,137
Net assets, end of year	\$ 14,965,742	704,624	15,670,366	342,354	16,012,720	16,399,687

See accompanying notes to financial statements

ORLANDO BALLET, INC.

Statement of Functional Expenses

Year ended June 30, 2025
(with summarized financial information for the year ended June 30, 2024)

	2025										
	Program Services					Supporting Services				Total Expenses	2024
	Season	Nutcracker	Community Enrichment	Ballet School	Total Program Services	Development	Donated Services and Materials	General and Administrative	Total Supporting Services		
Artistic salaries, taxes and benefits	\$ 1,402,194	373,918	-	93,480	1,869,592	-	-	-	-	1,869,592	1,687,180
Staff salaries, taxes and benefits	405,895	202,773	67,286	68,478	744,432	201,858	-	405,847	607,705	1,352,137	1,290,948
School salaries, taxes and benefits	-	-	-	970,291	970,291	-	-	-	-	970,291	863,365
Program expenses	459,455	398,046	73,020	1,180	931,701	-	-	15,138	15,138	946,839	907,546
Crew	368,866	303,707	37,600	10,032	720,205	-	-	-	-	720,205	941,339
Marketing	223,955	130,207	10,417	104,165	468,744	26,041	-	26,041	52,082	520,826	545,653
Enrichment salaries, taxes and benefits	-	-	243,972	-	243,972	-	-	-	-	243,972	299,236
Scholarships	-	-	28,457	446,470	474,927	-	-	-	-	474,927	392,048
Music	325,579	-	-	-	325,579	-	-	-	-	325,579	143,582
Scenery, Props, Costumes and Equipment	171,308	60,351	-	74,054	305,713	-	-	-	-	305,713	473,816
Choreography	146,481	9,702	-	-	156,183	-	-	-	-	156,183	258,214
Non-financial expense:											
Medical	-	-	-	-	-	-	234,318	-	234,318	234,318	146,150
Other	-	-	-	-	-	-	163,154	-	163,154	163,154	76,440
Other	35,019	24,723	19,643	34,042	113,427	19,914	-	49,132	69,046	182,473	201,883
Special events	-	-	-	-	-	209,600	-	-	209,600	209,600	182,659
Charge card fee	16,986	10,192	3,397	39,246	69,821	3,397	-	33,972	37,369	107,190	116,205
Lighting	61,925	65,294	195	840	128,254	-	-	-	-	128,254	103,855
Relocation	2,252	1,351	-	-	3,603	-	-	4,066	4,066	7,669	92,050
Guest and summer workshop	-	-	-	84,953	84,953	-	-	-	-	84,953	84,294
Parking, travel, and meals	13,419	19,394	3,224	333,417	369,454	-	-	35,322	35,322	404,776	310,740
Retail	4,786	49,839	-	21,630	76,255	-	-	6,082	6,082	82,337	77,966
Fundraising support	27,875	7,343	-	-	35,218	31,677	-	-	31,677	66,895	93,530
Dance shoes	57,832	14,282	6,000	10,000	88,114	-	-	-	-	88,114	66,555
Professional fees	10,755	3,911	2,444	19,016	36,126	2,444	-	29,334	31,778	67,904	59,665
Office supplies and expenses	2,530	1,265	2,530	6,325	12,650	5,060	-	7,591	12,651	25,301	27,873
Dues and subscriptions	1,884	628	2,960	13,552	19,024	628	-	6,282	6,910	25,934	20,676
Payroll services	3,637	2,182	1,455	2,910	10,184	727	-	3,637	4,364	14,548	13,009
Automobile expense	3,853	1,927	-	1,156	6,936	-	-	770	770	7,706	5,081
Video and photography	15,361	3,000	1,326	11,841	31,528	-	-	-	-	31,528	2,679
Postage	416	249	83	332	1,080	-	-	582	582	1,662	3,256
Interest	380	190	63	253	886	190	-	191	381	1,267	7,999
Bank fees	-	-	-	-	-	-	-	12,089	12,089	12,089	6,053
Total before allocated overhead	3,762,643	1,684,474	504,072	2,347,663	8,298,852	501,536	397,472	636,076	1,535,084	9,833,936	9,501,545
Depreciation	116,046	116,046	-	174,069	406,161	-	-	174,068	174,068	580,229	480,316
Repairs and maintenance	40,088	21,860	-	60,102	122,050	-	-	60,113	60,113	182,163	205,039
Rent	36,838	24,558	18,419	18,419	98,234	-	-	24,558	24,558	122,792	163,256
Utilities	37,239	22,344	-	44,687	104,270	-	-	44,687	44,687	148,957	113,653
Insurance	27,189	13,954	1,968	30,031	73,142	3,066	-	47,691	50,757	123,899	100,217
Total expenses	\$ 4,020,043	1,883,236	524,459	2,674,971	9,102,709	504,602	397,472	987,193	1,889,267	10,991,976	10,564,026

See accompanying notes to financial statements

ORLANDO BALLET, INC.

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (386,967)	(85,450)
Adjustments to reconcile change in net assets to cash provided by (used in) operations:		
Depreciation	580,229	480,316
Loss (Gain) on disposal of fixed asset	5,954	(15,000)
Unrealized gain on investments	(7,297)	(13,477)
Cash provided by (used in)		
Changes in:		
Accounts receivable	382,231	(888,260)
Inventory	(11,104)	(129,555)
Prepaid expenses	(178,169)	27,738
Other assets	3,650	(29,999)
Accounts payable and accrued expenses	(18,423)	12,233
Security deposits	(503)	1,450
Deferred revenue	152,140	679,896
Cash provided by operating activities	<u>521,741</u>	<u>39,892</u>
Cash flows from investing activities:		
Purchase of property and equipment	(328,032)	(1,469,969)
Proceeds from disposal of fixed assets	<u>-</u>	<u>15,000</u>
Cash used in investing activities	<u>(328,032)</u>	<u>(1,454,969)</u>
Net change in cash and cash equivalents	193,709	(1,415,077)
Cash at beginning of year	<u>987,775</u>	<u>2,402,852</u>
Cash at end of year	<u><u>\$ 1,181,484</u></u>	<u><u>987,775</u></u>

See accompanying notes to financial statements

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Orlando Ballet, Inc. (the "Organization") is a nonprofit corporation organized in the state of Florida on April 12, 1974, as Performing Arts Company of Florida, Inc. The Articles of Incorporation were amended on September 30, 1988, changing the name of the corporation to Southern Ballet Theatre, Inc. The Articles of Incorporation were again amended on February 21, 2002, changing the name of the corporation to Orlando Ballet, Inc. Its primary purpose is to operate a successful, highly regarded, professional dance company and ballet school in Central Florida and the State of Florida.

(b) Basis of Presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to the two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

See Note 6 for more information on the composition of net assets without donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Note 7 for more information on the composition of net assets with donor restrictions.

(c) Revenue

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which prescribes a single common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization adopted ASC 606 and all related amendments effective July 1, 2020. The adoption of the new standard had no impact on the Organization's financial statements.

The Organization follows ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Ticket sales, ballet school earned income, and special fundraising events income are considered exchange transactions. Revenue is recognized as the events occur.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies (Continued)

(d) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal or state income taxes in the accompanying financial statements.

Management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Organization no longer is subject to U.S. Federal income tax examination by tax authorities for years prior to 2022.

(e) Fair Market Value

Investments are stated at fair market value. Unrealized gains and losses are included in the accompanying statement of activities.

The Organization follows accounting guidance relating to fair value measurements, which establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access as of the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies (Continued)

(e) Fair Market Value (Continued)

Level 1 Fair Value Measurements

The Organization did not have any Level 1 investments.

Level 2 Fair Value Measurements

The Organization did not have any Level 2 investments.

Level 3 Fair Value Measurements

The Organization's Level 3 investments consist of funds held on the Organization's behalf by the Community Foundation. Given the absence of market quotations, their fair value is based on the net asset value as provided by the investment managers of the Community Foundation.

Gains and losses on investments are reported in the statements of activity as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Dividends, interest, and other investment income are reported in the period earned as increases in net assets without donor restrictions unless the use of the assets received is limited by donor-imposed restrictions. Donor-restricted investment income is reported as an increase in net assets with donor restrictions.

(f) Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(g) Inventory

Inventory consists of Orlando Ballet merchandise, concessions, and dance shoes. Merchandise and concessions are sold through our retail outlet. Shoes are inventoried for internal use only. They are stated at cost as determined by the first-in, first-out method.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(h) **Accounts Receivable**

The Organization periodically reviews its outstanding receivables, determines which balances are not collectible, and records an appropriate allowance for doubtful accounts. As of June 30, 2025 and 2024, no such allowance was deemed necessary.

(I) **Property and Equipment**

Property and equipment are recorded at cost or estimated fair value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the item as follows:

	<u>Years</u>
Studio fixtures and equipment	3 - 39
Leasehold improvements	10 - 40
Office fixtures and equipment	3 - 10
Scenery, props, costumes and equipment	10+

(j) **Deferred Revenue**

Deferred revenue represents cash receipts for school tuition, ticket sales, and fundraising events received for the following school year or season. Amounts are removed from deferred revenue when the criteria for recognition have been met.

(k) **Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, scholarships, guest and summer workshops, marketing, crew, sets and props, charge car fee, live music, costumes, printing, professional fees, lights, dance shoes, other, theater expenses, dues and subscriptions, retail, development, transportation and lodging, office supplies and expenses, video and photography, relocation, automobile expenses, payroll services, postage, repairs and maintenance, and insurance, which are allocated on the basis of estimates of time and effort.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies (Continued)

(l) Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of deposits and prepayments related to the Ballet School's nationally recognized summer training programs, which begin in late June and continue through July. It also consists of advance payments pertaining to the 2025 - 2026 Ballet season. Amounts are removed from prepaid expenses when the criteria for recognition have been met.

(m) Concentration of Credit Risk

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist principally of cash equivalents and investments. The Organization maintains its cash equivalents and investments in banks which participate in the Federal Deposit Insurance Corporation (FDIC) Program. Balances are insured up to \$250,000 per institution. At June 30, 2025 and 2024, the Organization had \$930,000 and \$254,000, respectively, in excess of federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(n) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

(o) Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(p) **Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current period presentation. The reclassifications had no effect on the reported results of operations.

(q) **Statement of Cash Flows**

Cash and cash equivalents and restricted cash in the statement of cash flows includes cash and cash equivalents and restricted cash.

(r) **Subsequent Events**

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on October 13, 2025.

(2) **Property and Equipment**

Property and equipment and accumulated depreciation at June 30, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Studio fixtures and equipment	\$ 196,284	152,935
Leasehold buildouts	12,302,238	12,257,712
Office fixtures and equipment	665,547	681,201
Scenery, props, costumes and equipment	587,148	512,148
Nutcracker	<u>3,211,745</u>	<u>3,098,572</u>
	16,962,962	16,702,568
Less: accumulated depreciation	<u>(2,870,103)</u>	<u>(2,351,558)</u>
	<u>\$14,092,859</u>	<u>14,351,010</u>

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(3) **Fair Value Measurements**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets carried at fair value as of June 30, 2025 and 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2025:				
Assets:				
Assets held by Community Foundation	\$ -	-	180,320	180,320
Total investment assets at fair value	<u>\$ -</u>	<u>-</u>	<u>180,320</u>	<u>180,320</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2024:				
Assets:				
Assets held by Community Foundation	\$ -	-	168,384	168,384
Total investment assets at fair value	<u>\$ -</u>	<u>-</u>	<u>168,384</u>	<u>168,384</u>

The following table presents changes the Organization's Level 3 investment assets measured at fair value on a recurring basis for the years ending June 30:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$168,384	157,878
Contributions	445	398
Unrealized (loss) gain	10,265	11,537
Withdrawals, net	(7,333)	(6,748)
Interest, dividends, realized gain, fees, net	<u>8,559</u>	<u>5,319</u>
Balance, end of year	<u>\$ 180,320</u>	<u>168,384</u>

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(3) **Fair Value Measurements (Continued)**

The following table presents cumulative changes as of June 30, 2025 and 2024:

	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Fair Value</u>
June 30, 2025			
Assets held by Community Foundation	<u>\$ 103,536</u>	<u>76,784</u>	<u>180,320</u>
	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Fair Value</u>
June 30, 2024			
Assets held by Community Foundation	<u>\$ 103,536</u>	<u>64,848</u>	<u>168,384</u>

(4) **Notes Payable**

During the years ended June 30, 2025 and 2024, the Organization had an Operating Line of Credit (LOC) account with PNC Bank in the amount of \$2,000,000 for 2025 and \$600,000 for 2024 respectively. The Organization briefly drew on the line up to a maximum amount of \$300,000 and there was no outstanding balance as of June 30, 2025 and 2024.

The Organization opened a new line of credit specifically for the new Nutcracker for \$1,500,000 in December 2022. The Organization drew \$473,000 on the New Works LOC during the fiscal year ended June 30, 2024, which was paid off and account retired by January 31, 2024.

(5) **Contributed Non-Financial Assets**

Donated services, materials and facilities that are measurable are recorded at their fair market values on the date of receipt by the Organization. A corresponding amount is recorded as an expense or is capitalized as property and equipment. Donated services include television, radio, and newspaper time and space for publicity purposes. Other donated services include medical services, printing, and various other services.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(5) Contributed Non-Financial Assets (Continued)

For the years ended June 30, contributed non-financial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Medical	\$ 234,318	146,150
Other	<u>163,154</u>	<u>76,440</u>
	<u>\$ 397,472</u>	<u>222,590</u>

(6) Board Designated Net Assets

On May 27, 2021 the Board established two additional reserves for General Operating and New Works for the repertoire. In FYE 2023 the organization invested as planned all of the New Works reserve for the creation of the Orlando Ballet's new Nutcracker.

Reserve balances as of June 30 were as follows:

	<u>2025</u>	<u>2024</u>
Operating Reserve Fund	\$ 200,246	202,806
HOBC Facility Reserve Fund	504,378	364,774
New Works Reserve Fund	<u>-</u>	<u>1,174</u>
	<u>\$ 704,624</u>	<u>568,754</u>

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific time or purpose:		
Government grants	\$ -	222,759
Foundation giving	100,000	80,000
Corporate giving	30,000	127,500
Individual giving	-	103,000
	<u>130,000</u>	<u>533,259</u>
Subject to the Organization's spending policy and appropriation:		
Wally Harper fund	108,818	108,818
Endowment fund held by Community Foundation	103,536	103,536
	<u>\$ 342,354</u>	<u>745,613</u>

(8) Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

	<u>2025</u>	<u>2024</u>
Purpose restriction accomplished:		
Nutcracker	\$ -	1,584,985
Government grants	232,759	-
Foundation giving	199,000	95,000
Corporate giving	141,500	152,500
Individual giving	261,330	389,510
	<u>834,589</u>	<u>2,221,995</u>
Net assets released from restrictions	<u>\$ 834,589</u>	<u>2,221,995</u>

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(9) **Endowment**

The Organization's endowment consists of donor-restricted funds held in cash and as endowment funds held in perpetuity by the Community Foundation. At June 30, the endowment consisted of the following:

	<u>2025</u>	<u>2024</u>
Wally Harper fund	\$108,818	108,818
Endowment fund held by Community Foundation	<u>103,536</u>	<u>103,536</u>
	<u>\$212,354</u>	<u>212,354</u>

The donor restricted endowment fund was established in 2001 with an initial contribution of \$10,000. Subsequent contributions total \$202,354. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (MIFA) 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 Organization classifies net assets with donor restrictions restricted for perpetuity 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 net assets with donor restrictions restricted for perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MIFA. In accordance with MIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies. See Note C for a reconciliation of annual earnings, contributions, and withdrawals.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(9) Endowment (Continued)

also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are managed by the Community Foundation of Central Florida, Inc. Orlando Ballet has no input into how the funds are invested. Investment risk is measured in terms of the total endowment fund and investment assets and allocation.

Spending Policy. The Organization receives an annual distribution from the fund as determined by the Community Foundation of Central Florida.

(10) Adoption of FASB ASC 842

Effective July 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The Organization has lease arrangements for certain facilities. These leases typically have original terms not exceeding 10 years and generally contain multiyear renewal options, some of which are reasonably certain of exercise. The Organization's lease arrangements may contain both lease and non-lease components. The Organization has elected to combine and account for lease and non-lease components as a single lease component for its leases.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(10) **Adoption of FASB ASC 842 (Continued)**

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of June 30, 2025:

Lease-Related Assets and Liabilities

Right-of-use assets:

Operating leases	<u>\$ 2,029,659</u>
	<u>\$ 2,029,659</u>

Lease liability maturities as of June 30, are as follows:

2026	\$ 19,775
2027	137,439
2028	151,679
2029	166,864
2030	183,048
Thereafter	<u>1,370,854</u>
Total lease liabilities	<u>\$ 2,029,659</u>

(11) **Leases and Commitments**

On May 27, 2014, the Organization leased the facility at 600 North Lake Formosa Drive from the City of Orlando for nominal rent and complete capital improvements in 2020. The initial term is fifty years with one twenty-five year and one twenty-four-year renewal option. During the year ended June 30, 2018, the Organization paid rent for the initial fifty years totaling \$50. The Organization is responsible for all operating costs, maintenance, and capital improvements to the facility. The Organization must also meet certain civic, performance and education goals; and may not pledge the property and leasehold improvements as collateral or subject to lien in any way.

On May 29, 2024, the Organization leased a warehouse facility at 440 W. Kennedy Boulevard from SH OTC, LLC. The initial term is 10 years, with rent payments expected to commence on February 1, 2026, after leasehold improvements are completed, and base rent concession has expired.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(12) Reconciliation of Change in Net Assets to Operating Income (Non-GAAP)

The Organization reports Operating Income (Non-GAAP) to its Board as a key benchmark for current season financial performance. The following table presents a reconciliation of the change in net assets to Operating Income for the years ending June 30:

	<u>2025</u>	<u>2024</u>
Change in net assets	\$ (386,967)	(85,450)
Restricted contributions, received (from operating statement)	(431,330)	(1,259,144)
Previously restricted Operating Contributions released (note 8)	511,830	637,010
Nutcracker Mounting Expense	-	620,030
Non-recurring Restructuring Expense	-	120,046
Operating Income (non-GAAP)	(306,467)	32,492
Depreciation Expense	580,229	480,316
Operating income before depreciation (non-GAAP)	<u>\$ 273,762</u>	<u>512,808</u>

(13) Employee Retirement Plan

During November 2018, the Organization started a tax deferred annuity retirement plan for its employees. An employee is eligible to participate on the first day of their first payroll. Participation is voluntary, and the employee may contribute from up to a maximum IRS allowable amount, which is \$23,500 and \$23,000 for calendar years 2025 and 2024, respectively. Additional catch-up contributions up to \$6,500 are available to individuals who reach age 50 by the end of the year. Employees are eligible to receive employer matching contributions if they have attained age 16 and have completed one eligibility year of service. The match will be determined each year by the Organization. The Organization did not make an employer contribution for the year ended June 30, 2025.

ORLANDO BALLET, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(14) Liquidity and Availability of Resources

Liquidity decreased during the period due to investment in the new Nutcracker production. The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,181,484	987,775
Accounts and grants receivable	<u>2,027,202</u>	<u>2,409,433</u>
Total financial assets available within one year	<u>3,208,686</u>	<u>3,397,208</u>
Accounts payable and accruals	(251,403)	(269,826)
Deferred revenue	<u>(1,972,335)</u>	<u>(1,820,195)</u>
Total financial liabilities due within one year	<u>(2,223,738)</u>	<u>(2,090,021)</u>
Total financial assets Available within one year:	<u>\$ 984,948</u>	<u>1,307,187</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit for \$2,000,000, which it could utilize.

(15) Advertising Costs

The Organization's policy is to expense advertising costs when programs occur. The Organization spent \$520,826 and \$543,771 in the years ended 2025 and 2024, respectively.